Daily Report

East Europe

FBIS-EEU-92-011
Thursday
16 January 1992

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Alia Leaves Hospital; Health Reported 'Good'

AU1501200892 Tirana Radio Tirana Network in Albanian 1900 GMT 15 Jan 92

[Text] We have learned from the medical team that President Ramiz Alia left the hospital today, on 15 January 1992. The doctors said that his state of health is good. After a short period of convalescence, the president will resume all his activities.

Prime Minister Ahmeti on Food Supplies

AU1601090692 Tirana BASHKIMI KOMBETAR in Albanian 30 Dec 91 pp 1-2

[Interview with Prime Minister Vilson Ahmeti by Llazar Vero; place and date not given: "All Together"]

[Text] [Vero] We appear to have become used to starting every conversation with the topic of food. We would like to know what your government has done about this problem.

[Ahmeti] The government's tasks were defined when the parliament approved its program. Our attention has concentrated on three main areas: ensuring the food supply, ensuring public order, and preparing for the elections. It is obvious that our program's main goal and primary task is to ensure the food supply for the people. Under our present conditions, you might say that the country is being fed from abroad. Italian aid has provided the basis so far. As for ensuring the food supply, we could divide this problem into two parts: the aid coming from Italy and that from the EEC, which has intensified now at the end of December. This has enabled us to fully guarantee the foodstuffs included in the basket of rationed items, while preserving unchanged the prices of the articles in this basket. We have also virtually guaranteed the supply of these articles for January and even beyond in the case of some foodstuffs such as powdered milk, wheat, butter, and meat. At the same time, concentrating entirely on this question at the meetings that our economic minister [Gjergji Kondo] held with the EEC and the Group of 24, we aimed at meeting this objective as well as possible. The EEC has undertaken to guarantee some other foodstuffs for 1992. The wheat supply has been fully confirmed until the new harvest. The quantities of meat, butter, and powdered milk have also been determined for the first six months of the year. EEC aid totals about $60 million. Half of this aid was confirmed immediately, and the other half will be confirmed in February. At the same time, regarding other foodstuffs, the Group of 24 committed itself to substantial aid at a special discussion in Brussels about aid to Eastern countries, to which our country alone was invited. The United States, Italy, Greece, Austria, Turkey, etc. spoke and made commitments at this discussion, undertaking to give aid to Albania and at the same time to make other members of the Group of 24 sensitive to our needs. Besides the general meeting, our minister also held individual meetings at which he received a kind of guarantee for coping the difficulties our country is facing. We are waiting for the Group of 24 to decide in January what other quantities of food aid it will send to our country.

We can therefore say that we have secured the people's food supplies for the first six months of the year. At the present time, our main duty as a government is to organize the distribution and punctual sale of these goods. For this reason, besides the ongoing work to distribute this aid through the Italian Government's Pelican Operation, we have organized an Albanian operation using the resources of the Army, recently reinforced by some vehicles sent to us by Germany. In this way, food is being distributed in a more organized way. I can say that a great deal of work is being done, and that it extends to some very remote regions. The pluralist district executive committees have been fully committed, especially in recent weeks, and have sent columns of their vehicles to collect supplies. In the case of some articles such as meat and butter, I can say that the situation is already good. There is only a need for better organized distribution and sale, because cases have been noticed in which goods are stored in warehouses and sold after a delay. This gives rise to discontent among the people. Together with the State Control Commission, we have organized inspection groups in every town precisely in these retail sector warehouses and the warehouses of the production enterprises, so that the market will not lack those products that exist.

[Vero] However, alongside this, we think that obtaining raw materials for our industry should also take an important place in the government's work.

[Ahmeti] The country can of course not make progress by eating and not working. It is vital to mobilize people for work, because a large majority of workers are being paid 80 percent of their wages [payment to laid-off workers]. It is vital to revive the economy and industry. Every ministry must activate those enterprises that do not lack raw materials. However, the will to organize work has often been lacking. Besides the food industry enterprises producing flour and bread and some other enterprises where work is continuing normally, we are trying to encourage the resumption of work in the mines and the ferrochrome and copper industries, which are blocked because of some problems in ore transportation. The Ministry of Energy Resources is taking measures to consider the problems of each enterprise step by step. This involves a special kind of work, not simply saying "Come on, let us start work," but identifying specifically where work must start, and where the obstacles and real opportunities are.

However, the textile enterprises and other sections of light industry are to a large extent not working because of the lack of raw materials, as is the case with some engineering and construction enterprises. It is necessary here to obtain imported raw materials. We have currently contracted a $60-million credit from Italy. The plan was for deliveries to start in December, but so far only small amounts of materials have arrived. We hope,

on the basis of the promises of the Italian side, that the delivery of raw materials will start in January. This will no doubt not cover the country's entire needs, but these raw materials will be concentrated on certain important enterprises. Thus, we will start the struggle against 80 percent wage payments not with instructions, laws, or talk, but by creating opportunities to start work.

There is a major need for reinforced concrete for construction. Of course, this is connected with some other problems of finance and planning, but obtaining a certain quantity of reinforced concrete, because a quantity of cement is available, will enable us to start work on a number of half-completed projects such as the Elbasan and Fier flour mills that must without fail start work soon, because they are meeting our future requirements for flour from domestic resources. In this context, Albania's request for a quantity of raw materials to activate the economy and to prevent its paralysis was also raised at the most recent EEC meeting. We submitted a request for $90 million and a list of items, asking the EEC states and the Group of 24 to contribute toward helping Albania in these difficult times. A continuing lack of work will give rise to social problems. The countries of the Group of 24 made a commitment and we expect to obtain some answers at the beginning of January about the possibilities of obtaining some raw materials. At the same time, by activating some sectors of the economy, we will also have some sources of exports that will also create some small opportunities for imports. Electricity is presently our sole export. We must in general insist on a start to work in those sectors where we have raw materials, and there is no shortage of raw materials in some sectors such as brick production, construction materials, cement, etc. In fact, this work involves other sectors, such as transportation, coal, etc., but we must in general insist on work in these sectors, from the ministries down to workers in the enterprises concerned. I say in general, because the new Law on Enterprises means that we have to make calculations with pens in our hands. However, wages cannot be obtained for workers if work does not start. The enterprises must therefore have raw materials. Activating enterprises means salvation: not only opportunities to make profits, but an opportunity to maintain continuity of work. Otherwise an enterprise may close, which would not be fair or a good thing. Thus, the ability to resume work is the first test of an enterprise's capacities.

The government will continue to enforce all the laws that the People's Assembly has approved for economic reform, creating genuine opportunities to implement this reform. The development of our economy is closely tied to foreign investment. The legal framework for this has now been prepared.

We can correct this as we work and embark on reconstruction together in joint enterprises and special construction projects. However, I would single out here the great interest we will continue to have in encouraging our compatriots, wherever they are, and in creating specific opportunities for them to invest in Albania. We are very open to discussion, because we not only speak the same language and are of the same blood, but have the same interests. I would therefore wish to lay emphasis on either a request or appeal, welcoming them to talk more specifically about investing in Albania, because I am convinced that they have a great desire to do so with all their hearts.

[Vero] The electoral campaign will also take place during your government's term of office. What are the government duties for a normal, calm, and orderly campaign?

[Ahmeti] The government thinks that the electoral campaign will present it with considerable tasks and demands. We will commit ourselves to performing all the duties that will be laid down in the legal framework to be approved by the People's Assembly. During the electoral campaign, we will also try to create the best possible conditions and material opportunities for the propaganda and press of all political parties. At the same time, the government will commit itself to ensuring all the material resources to ensure the normal course of the elections. Of course, our tasks will be clearer after the issue of the electoral law. However, we now express our total commitment to acting on the demands of the electoral law and performing the government's duties in this campaign.

Of course, this year has been the first year of pluralism in our country, the first year in which our economy was revealed in the abject state it was, and the year in which we drafted the economic reform toward a market economy with a great deal of optimism. It was also the year in which the world in general admitted us to the discussion table and saw in us partners deserving help. However, they also looked at us straight in the eye, in the hope that we would not leave this discussion table again.

I wish on this occasion to thank your newspaper and wish all its readers and the entire people a happy 1992. Regardless of the great difficulties through which the country is passing, let us all together, carrying these difficulties and problems on our shoulders, find a path of joy in this new year and blaze a genuinely new trail, so that next year will be more successful. Happy new year!

Defense Minister Moisiu Speaks on Army Reform

AU1501213292 Tirana Radio Tirana Network in Albanian 1900 GMT 15 Jan 92

[Text] According to information given to us by Defense Ministry Spokesman Major (?Pando Liristani), the Defense Ministry organized a news conference today attended by journalists from the military press and the newspapers BASHKIMI KOMBETAR, ZERI I RINISE, SINDIKALISTI, ZERI I POPULLIT, REPUBLIKA, and others.

At this news conference, Defense Minister Alfred Moisiu informed those present about Army reform that is now being carried out, concentrating on the reintroduction of ranks and their positive influence, the work being done

to centralize the Army, to revise military doctrine, and to improve the Army's structure, the Army's work in distributing aid and transporting fuel, and the efforts under way to achieve cooperation with other armies and to bring the Army up to European standards.

Under the circumstances of the present domestic and foreign situation, especially in the Balkans, the defense minister stressed the need to further strengthen the Army and defense. The people want a strong Army that is on the alert at all times. This demands great patriotism from everybody, especially young people.

There will soon be a call-up to compulsory military service. The mobilization of new recruits coincides with the issue of the Law on Military Service in the Armed Forces of the Republic of Albania, which states that Albanian citizens, wherever they may be, are liable for military service. More skillful propaganda will make the requirements of this law better known and will help to increase public awareness and a sense of patriotism among the younger generation, so that they may best serve the country's defense.

At the end of the news conference, journalists asked questions. Mr. Moisiu answered them and pointed out the intensive work that the new mobilization requires from both the Defense Ministry and commanders of military units, in cooperation with the state authorities and all political forces.

People's Assembly Passes Law on Police Methods

AU1501165492 Tirana ATA in English 1001 GMT 15 Jan 92

[Text] Tirana, January 15 (ATA)—The People's Assembly examined the Draft-Law "On the Working Methods of the Criminal Police" on January 14, in the afternoon. At the beginning the deputies adopted in principle this draft-law, which relies on the need to ensure the legal ground necessary for the police to discover and prevent crime by means of efficient methods, exploiting the scientific achievements of science and technique. During the discussion article per article of the draft-law, the deputies make remarks and suggestions regarding special articles and adopted it article and article and as a the whole.

At the end of this sitting, the vice-chairman of the People's Assembly, Lush Perpali, briefed the deputies on the results of the meeting of the Budget and Treasury Commission, the representatives from the group of 51 deputies of the Socialist Party who have asked the examination at the assembly of the draft-law on the pensions and social insurances, Minister of Finances Robert Ceku, and the specialists tackling with this problem.

It jumped at the conclusion that it is possible to make some adjustments in the existing law concerning the age of retirement of the peasants, the minimal level of pension and the arrangement of the question of invalids of the countryside. It will discuss for the first time the possibility of untimely retirement of the working people of the town, proceeding from the duration at work and age.

The assembly continues the proceedings on January 15.

Article Criticizes Revival of Blood Feuds

AU1601092692 Tirana BASHKIMI KOMBETAR in Albanian 29 Dec 92 pp 1-2

[Riza Hoxha article: "Who Is Financing Revenge?"]

[Text] In the region of Has in Kukes District alone, four cases of revenge murder have occurred within a short time. The first murder took place over land ownership in the village of Nikoliq in July, and the other party took revenge on 11 October by murdering a member of the killer's family. The same thing happened in Gjinaj and Vranisht. In Vranisht, the roots of the feud even went back 15 years. Thus, our society at the end of this century looks on in terror as dozens of its sons, who could help to heal the country's many wounds, are killed and besieged in their own homes.

Those who fall victim to revenge killings are not few in number, and we do not even mention the woundings, beatings, and threats of revenge. The question inevitably arises of who is financing feuds at this truly difficult time for us, which is yet a time when we are closer than ever to the civilized world from which the totalitarian system that we adopted divided us for half a century. It is understandable that these murders have aroused both fear and discussion among the public. Some blame democracy, alleging that it revived the old mentalities. Some blame the poverty and wretchedness of Albanian society today, which has made people more sensitive and touchy. As evidence, they cite the cases we have mentioned and others that occurred some time ago in the village of Nange.

It is obvious how painful such incidents are. However, to blame democracy is merely abuse and does nothing but increase quarrels and arguments among social groups. In our view, the one-party regime failed to fight these customs inherited down the centuries. It was more a matter of slogans and appeals that in the end did not succeed in burying these bloody traditions once and for all. What was called persuasive work with people, which was so much publicized to create a new man, could not achieve its purpose with its slogans, hysteria, and lies. The totalitarian system rather succeeded in keeping people down for a while by force. However, this change in people was superficial and short-lived. It is equally true that the transitional phase in which we are living today immediately liberated feelings that had been suppressed under the dictatorship. So we began to hear again the gunshots of feuds.

This was a wound we thought had healed. However, we must now realize that we were unable to close and heal it. There is no reason for us to stand to one side and watch this blight slowly spread, even if we are sorely pressed by poverty. It is perhaps this poverty that finances the

feuds, but there is no way in which it can take the lion's share of the blame. We were poor even in the past, but this never drove us out of our senses. There is, therefore, no way to blame poverty, this evil that genuinely does have us ever more tightly by the throat.

Incompetent power-wielders, with their inability to solve any problem that arises, lead people to settle their problems by their own judgment. The very fact that people are killed over a watercourse or a strip of land testifies to this. Do these problems lead people to kill each other only because of the total apathy or endless procrastination of the responsible authorities?

It is true that a renovated, pluralist power structure has been installed. However, in Kukes the same people as before hold leading positions. We do not know to what extent they have reformed themselves, but the fact is that in practice they still cling to the old ways of thinking. For instance, how is the Land Law being enforced in Kukes? We read in the press and hear on the radio that it is being applied meticulously everywhere. However, the fact is that in many villages people have repossessed their old land, regardless of its area. It must even be said that land is now being bought and sold in secret. These facts are known, but they are hidden by the ruling bureaucrats, who fear for the loss of their armchairs, and also keep silent about other problems.

Thus, bureaucracy has revived people's urge to issue their own judgments. It is well known that this leads to very bitter consequences. Should we stand by apathetically? In no way. The times appeal to us to raise the alarm. No drop of blood in our land is superfluous. We must therefore all unite to banish this dark cloud called revenge that floats above our heads.

Rally Condemns 'Secret Greek-Slav Alliance'

AU1501204792 Tirana Radio Tirana Network in Albanian 1430 GMT 15 Jan 92

[Report by correspondent Arben Manaj on Deputy Abdi Baleta's speech at student rally in front of the Qemal Stafa National Stadium in Tirana; date not given—recorded]

[Excerpt] [passage omitted] [Baleta] We are forced to gather and speak in this way, because it is precisely those who swear by the principles of Helsinki, precisely those governments and politicians of neighboring states that have made the accusation that only we Albanians are not enforcing the Helsinki principles, who are showing that they themselves have not understood them and do not want to apply them to us.

[Manaj] It was with these words that Mr. Abdi Baleta, deputy and teacher of international law at Tirana University, addressed the students. The organizers said that this rally was held to enable students to protest their outrage at the secret Slav-Greek alliance, which is plotting against Albania and trying to create tension and incidents and to exploit the not altogether pleasant situation in Albania.

Journalist Mujo Bucpapaj opened the rally. Speaking about the mopping-up operation against the Albanian refugees, he said that it is not right, because of some criminals and adventurers who must be condemned under international law, to mount an entire campaign against all Albanians who have gone to Greece to work and earn something at a time when economic conditions in Albania are serious. He said that some political forces in Albania, too, have not taken a proper attitude to this problem, and that their political stands are very unclear.

The speakers at this rally evoked the history of the Albanian people, saying that Albanians have never shown nationalistic and aggressive feelings. On the contrary, they have been the victims of the aggressive nationalism of Slav and Greek chauvinists. Our neighbors today are trying to occupy Kosovo and to deny an entire nation, the Albanian nation in Yugoslavia, the right to self- determination and the right to have a state.

On the other side, on the southern border, at a time when it has first become possible in Albania to hear the voices, demands, and grievances of the Cams, a counteroffensive is being organized with territorial claims against Albania. The Greek nation has not suffered because of the Albanian nation, it was stressed at the meeting. On the contrary, Greece and the Greek nation have only benefited from their friendship with the Albanians and the movement of Albanians to Greece.

The rally also condemned the entry of the Greek ferryboat Kerkyra into the port of Sarande with Greek soldiers and military vehicles on the pretext of sending glass for Albanian schools, and the delivery of two murdered Albanians and four others almost beaten to death by Greek soldiers to the border point of Kapashtice.

Many students also spoke at this rally of student youth, condemning current policies and dark chauvinist plans at Albania's expense, as well as the premeditated statements of the chairman of the Gjirokaster branch of the Omonia organization, which are the same as those of the Greek chauvinist circles that ask for the Greek border to be advanced as far as central Albania.

Government Recognizes Yugoslav Republics

AU1501175692 Sofia Khorizont Radio Network in Bulgarian 1730 GMT 15 Jan 92

[Text] We interrupt this newscast for an extraordinary report. We just learned from reliable sources that the Bulgarian Government has decided to recognize the independence of the Republics of Slovenia, Croatia, Macedonia, and Bosnia-Hercegovina. With the simultaneous recognition of these republics the aspiration of the Republic of Bulgaria is to support the democratic processes, peace, and stability in the Balkans is stressed.

The information provided by our reliable source also points out that a special statement will be made any moment on Bulgarian television.

Dimitrov Confirms Recognition

AU1501180692 Sofia Khorizont Radio Network in Bulgarian 1756 GMT 15 Jan 92

[Text] Dear listeners, we interrupt our program because something important just happened. An unofficial report we reported several minutes ago, has been confirmed. At 1954 Prime Minister Filip Dimitrov came to the National Assembly Hall. The session was interrupted. He exercised his right to make an extraordinary statement, and read the following:

After acquainting itself with all available data and discussing the information received through various diplomatic channels, the Bulgarian Government, after consultation with the National Assembly's National Security and Foreign Policy Commissions, decided to recognize the independence of the republics of the former Yugoslavia—Slovenia, Macedonia, Croatia, and Bosnia-Hercegovina. This decision is an expression of the lasting position of the Bulgarian state.

The statement was greeted by the deputies with applause.

Foreign Minister Ganev Returns From Germany

AU1501212292 Sofia Khorizont Radio Network in Bulgarian 2000 GMT 15 Jan 92

[Text] Foreign Minister Stoyan Ganev returned this evening from Germany. Bulgaria's debts to foreign banks, debits accumulated by the previous governments, were the basis of talks between Stoyan Ganev and the minister of finance, Theodor Waigel, and representatives of the German Industrial and Trade Chamber in Bonn. Ways of repaying the large loan and future cooperation in the areas of finance, banking, the tax system, and the economy were discussed.

Comments on Yugoslav Republics

AU1601074992 Sofia BTA in English 2154 GMT 15 Jan 92

[Text] Sofia, January 15 (BTA)—One hour after the government recognized the independence of Slovenia, Croatia, Macedonia, Bosnia and Hercegovina, Bulgarian Foreign Minister Mr. Stoyan Ganev said upon his return from an official visit to Germany:

"Bulgaria must declare that it regards as unalterable the borders of Macedonia with Bulgaria and with its other neighbouring states." Mr. Ganev believes that Bulgaria should be prepared to establish diplomatic relations with Macedonia after the European Community or part of it take such a decision.

Mr. Ganev explained that he himself had suggested that the act of recognition should follow the decision of the European Community in Lisbon. In his view, the recognition of a state cannot be a unilateral act from the point of view of international law. "If we do seek the recognition of a state, our efforts should be directed, just as before, towards a recognition as an act of at least part of the European Community," the chief Bulgarian diplomat said.

Asked about the future of Bulgarian-Greek relations, Mr. Ganev said that relations with Greece and Turkey are of exceedingly great importance for Bulgaria. "We must keep pursuing them irrespective of the differences which existed," he emphasized.

Zhelev on SFRY Republics Recognition

AU1501192092 Sofia Khristo Botev Radio Network in Bulgarian 1830 GMT 15 Jan 92

[Statement by President Zhelyu Zhelev issued on 15 January; place not given—read by announcer]

[Text] Dear Compatriots,

Today, 15 January 1992, the Republic of Bulgaria decided to recognize the independence of the Republics of Slovenia, Croatia, Macedonia, and Bosnia-Hercegovina. This decision is fully in the spirit of the report of the EC Arbitration Commission, led by the Robert Badinter, president of the French Constitutional Court.

The recognition is an expression of Bulgaria's fundamental policy, which recognizes the right of all peoples to free and democratic self-determination, including the establishment of independent states.

Our decision is another confirmation of Bulgaria's constant aspiration to be a stabilizing factor in the Balkans and to facilitate the real unification of Europe on the principles of international law and the assets of democracy. In this area Bulgaria's national interests coincide with the goals of a modern all-European policy.

Our position is a logical consequence of our comprehensive attitude toward the crisis to the west of our border. The Bulgarian state has repeatedly defended this position.

We are convinced that this decision is an important step toward even closer cooperation with all our neighbors

and integration within the framework of the all-European process. It is the essence of our new foreign policy characteristics, which the Republic of Bulgaria will continue to follow. I am convinced that all Bulgarian people and all political forces support the decision of the state leadership of the Republic of Bulgaria.

Dimitrov Says Cabinet Backed Recognition

AU1501201892 Sofia BTA in English 1957 GMT 15 Jan 92

[Text] Sofia, January 15 (BTA)—The decision about the recognition of Slovenia, Macedonia, Croatia and Bosnia and Hercegovina was backed by the entire cabinet, Prime Minister Filip Dimitrov told BTA when asked if the decision had been unanimous.

When asked whether he expected a strain of relations with Greece as a result of this act, Mr. Dimitrov said: "We shall do our best to prevent this. Good friends could have different views and still be good friends."

SDS, DPS Support Recognition

AU1501213892 Sofia BTA in English 2100 GMT 15 Jan 92

[Text] Sofia, January 15 (BTA)—The parliamentary Union of Democratic Forces (SDS) and Movement for Rights and Freedoms (DPS) gave their unqualified support to the government's decision to recognize the independence of Slovenia, Macedonia, Croatia, Bosnia-Hercegovina, while the shadow foreign minister of the opposition Bulgarian Socialist Party expressed support with some reservations.

The SDS floor leader Mr. Aleksandur Yordanov stressed that decision is consistent with the principles and the spirit of the Bulgarian foreign policy and international law. "Now that former Yugoslavia, under the influence of the communist regime, of the Army commanded by communist generals, is in the conflagration of war, our brothers in the Republic of Macedonia, our friends in Slovenia, in Croatia, in Bosnia-Hercegovina know that there is a small country in the world and in Europe which is experiencing enormous difficulties but which had the dignity to be the first to proclaim the principles of independence, freedom and legality," Mr. Yordanov said.

Mr. Ivan Palchev MP of the predominantly ethnic Turk Movement for Rights and Freedoms characterized the decision as a historic act. He welcomes the government as a government of action which assumes its responsibilities before the nation and the world.

Shadow Foreign Minister Filip Bokov expressed the Bulgarian Socialist Party's support to the decision recognizing the right to self determination of the peoples of former Yugoslavia. He said, however, that by making this decision the government disregards the different positions in the competent National Assembly committees and ignores the appeals of Foreign Minister Stoyan Ganev to the government to bide its time taking this decision.

Podkrepa Welcomes Recognition

AU1601154892 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 16 Jan 92

[Text] In the declaration received by Bulgarian Radio, the Podkrepa Labor Confederation Confederative Council welcomes the government decision to recognize the independence of Slovenia, Macedonia, Croatia, and Bosnia-Hercegovina. This decision is in line with the country's national interests and is a manifestation of an independent foreign policy. Podkrepa supports the stance of President Dr. Zhelyu Zhelev as regards this decision of the Bulgarian Government.

Sofia Press Welcomes Recognition of Macedonia

AU1601091892 Sofia BTA in English 0714 GMT 16 Jan 92

[From BTA review of 16 January Sofia press]

[Text] Sofia, January 16 (BTA)—Under the headline "Worthy Decision and Historical Justice" "DEMOKRATSIYA" comments on the decision of the Bulgarian Government to recognize Slovenia, Macedonia, Croatia and Bosnia and Hercegovina as independent states. This act is the centrepiece in today's press. According to "DEMOKRATSIYA," by recognizing the four republics of former Yugoslavia Sofia "has made a break with the tenets of Balkan thinking, complying with the decision of the Arbitration Board of the European Community which the EC member countries themselves disregarded as a result of "diplomatic manoeuvres and backstage moves." The paper notes in the headline of its parliamentary report that the Socialists did not hail the government's decision and poses the question if there was "some secret agreement between the Bulgarian Communists and Milosevic."

In its report on the same occasion, among other things "DUMA" notes that speaking over the phone to Mr. Aleksandur Yordanov, floor leader of the parliamentary group of the Union of Democratic Forces, Foreign Minister Stoyan Ganev recommended there should be no hurry in recognizing the former Yugoslav republics. While still in Germany, yesterday Mr. Ganev informed Mr. Yordanov about the advice he was given by his German counterpart, Mr. Hans-Dietrich Genscher, that Bulgaria should not make haste in taking this decision, the paper writes.

Referring to parliamentarians whose names are unspecified, the paper says that "precipitating the decision is an election campaign ploy." The paper carries the statement by Minister of Defence Dimitur Ludzhev, who said that "Bulgaria is not going to mobilize its Army or take trouble because of somebody else's problems." Minister

Ludzhev made this statement in reply to the paper's invitation to comment on some publications in yesterday's press alleging there will be a mobilization of the Army in connection with the Yugoslav crisis.

"DEMOKRATSIYA 91," which is close to the centrist extraparliamentary parties, comments on the decision under the headline "Playing With Fire." The paper writes that the decision was adopted on the initiative of President Zhelev's advisers who, "blinded by the long-nourished reverie for unification of all Bulgarians," pushed the head of state into taking this step without realizing the consequences that would follow. The paper predicts "cooling, if not even freezing, for long years" of Bulgaria's relations with the European Community in result of Greece's diplomatic pressure.

"Bulgaria Was the First To Recognize Macedonia's Independence ("FAKS"); "A Long-Expected Worthy Decision," ("OTECHESTVEN VESTNIK"); "Bulgaria Recognizes Macedonia and the Others" ("24 CHASA"); "Skopje Is Not Vukovar" ("TRUD"); "Peace and Stability in the Balkans—Bulgaria's Say Was Heard" ("BULGARSKA ARMIYA")—these are the headlines under which the Bulgarian press informs about the top story of the day.

No Assembly Discussion on Troop Mobilization

AU1501172692 Sofia BTA in English 1715 GMT 15 Jan 92

[Text] Sofia, January 15 (BTA)—Since yesterday, at a joint sitting, the Parliamentary Foreign Policy and National Security Committees have been discussing problems of Bulgaria's foreign policy. Mr. Yordan Vasilev, chairman of the National Security Committee, refused to give details.

The two committees will take a stand on the problem of Macedonia, Mr. Vasilev said but did not specify when the stand would be made public.

Tonight the committees will hold another joint sitting which will be attended by Foreign Minister Stoyan Ganev who is coming back from his visit to Germany late this evening.

Mr. Yordan Vasilev declined any commentary on the publication in the "24 CHASA" paper concerning the deployment of Serbian troops in Skopje. Tonight the committees will listen to the opinion of "the competent persons" on the statements made in the publication.

The two committees have not discussed a possible mobilization in Bulgaria, Mr. Yordan Vasilev said. "The problem is not actual at the moment," he said.

Zhelev, Vulkanov To Compete in Runoff

AU1501135792 Sofia Khorizont Radio Network in Bulgarian 1730 GMT 15 Jan 92

["Official" announcement of Bulgarian Central Electoral Commission read by commission member Ralitsa Negentsova—recorded]

[Text] On the day of the elections, 5,139,884 voters of the total of 6,816,357 persons registered in the electoral rolls at home and abroad took part in the elections. The following numbers of valid votes were cast for the following independent candidates and candidates nominated by parties and party coalitions:

Kiril Borisov and Milan Tonev—11,227;
Todor Pashaliyski and Velin Iliev—6,307;
Ivan Georgiev and Ivan Kisimov—19,495;
Zhelyu Zhelev and Blaga Dimitrova—2,273,468;
Andon Donchev and Nikolay Shkutov—31,797;
Pravdolyub Kozhukharov and Simeon Yanulev—7,808;
Yolo Denev and Georgi Statkov—10,770;
Petur Manolov Georgiev and Emiliya Savova—14,043;
Blagovest Sendov and Ognyan Saparev—113,864;
Dimitur Dimitrov and Velcho Velev—8,620;
Ivan Ivanov and Petur Dimitrov—10,099;
Dimitur Markovski and Dimitur Savov—8,360;
Petur Gogov and Bogdan Yotsov—21,301;
Asen Mladenov and Ivan Georgiev—29,646;
Slavomir Tsankov and Mikhail Milanov—50,307;
Velko Vulkanov and Rumen Vodenicharov—1,549,754;
Siyka Georgieva and Stancho Mitev—17, 312;
Krum Krumov-Kumanov and Vencheslav Georgiev—10,267;
Stoyan Tsankov and Ivan Stoyanov—9, 895;
Dimitur Popov and Khristo Genchev—32,749;
Georgi Ganchev Petrushev and Petur Beron—854,020.

The candidate team of Kuzman Kuzmanov and Nikola Shumarev withdrew one day before the elections.

Since none of the candidates listed obtained more than one half of the valid votes cast, under Article 93, Paragraph 4 of the Constitution of the Republic of Bulgaria, new elections have to be held within seven days of the first elections, namely on 19 January 1991, between the following two pairs of candidates: Zhelyu Mitev Zhelev and Blaga Nikolova Dimitrova, nominated by the Union of Democratic Forces; and Velko Vulkanov Ivanov and Rumen Iliev Vodenicharov, independent candidates nominated by an initiative committee.

Thirteen Parties, Movements Support Zhelev

AU1501212792 Sofia Khristo Botev Radio Network in Bulgarian 1830 GMT 15 Jan 92

[Text] At a news conference today representatives of 13 political parties and movements declared their support for Zhelyu Zhelev in the second round of the presidential election. They include the Nikola Petkov Bulgarian Agrarian National Union [BZNS], the BZNS-United, the

Liberal Party, the Union of the Repressed, the Bulgarian Business Party, the National Student Confederation, the Nikola Petkov Agrarian Youth Union, the Constitutional Forum, the Democratic Party-Plovdiv, the Republican Party in Bulgaria, and the Union of the Social-Democratic Youth.

They supported their decision with an appeal, which points out that only Zhelyu Zhelev can be a uniting, calming, and mediating factor against the background of the polarized political and public mood. He could protect civic peace in the difficult everyday life and economic transition toward democracy, erase the memory of the country's international isolation, and gain international support for Bulgaria.

The organizers of the news conference pointed out that prudence and wisdom must dominate the second round of the presidential election. Their appeal was addressed to all those who support the victory of democracy.

National Democrats Call for Election Boycott

AU1601155292 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 16 Jan 92

[Text] The abolition of the political parties is already in progress. With these words Luchezar Stoyanov, chairman of the Bulgarian National Democratic Party [BNDP], opened its news conference. This statement by the leadership was made on the occasion of the prosecutor's order to vacate the illegally confiscated party premises.

On the question of the recognition of the independence of the Republic of Macedonia by our government, the leadership of this party is of the opinion that this is a move towards insisting on our country's political independence and in defense of our national interests.

The BNDP leadership called on its members and sympathizers not to participate in the second round of the elections. Votes for Velko Vulkanov and Rumen Vodenicharov will be a wish to restore the past that nobody wants. According to the leadership only an election boycott means support for the presidential candidate pair of Zhelyu Zhelev and Blaga Dimitrova.

BSP Leader Videnov Speaks on Party's Future

AU1001212592 Sofia Khorizont Radio Network in Bulgarian 2100 GMT 10 Jan 92

[Text] At a public meeting in Plovdiv today Zhan Videnov, chairman of the Supreme Council of the Bulgarian Socialist Party [BSP], outlined in his speech some of his views regarding the BSP's future.

After answering numerous questions, he called upon all democrats to take an active part in the presidential elections and support the candidatures of Vulko Vulkanov and Rumen Vodenicharov.

Ludzhev Briefs Army Staff on Reform

AU1501143692 Sofia BULGARSKA ARMIYA in Bulgarian 7 Jan 92 pp 1, 3

[Ivan Sotirov report: "What Kind of Army We Intend To Create"]

[Text] We intend to create an army that is within the reach of the Bulgarian people's strength and possibilities, but that should be better organized, better trained, and better equipped than the present one, Defense Minister Dimitur Ludzhev declared at yesterday's meeting with the basic command staff, which took place at the Sofia G.S. Rakovski Military Academy.

We are in the initial phase of the Army's restructuring, which is required by and closely related to the democratic changes under way in our country and in Europe, and by the new requirements for our national security. This process began already under my predecessor Army General Mutafchiev, but we have reached the working stage of the reform today.

As everyone should know, the Bulgarian Army's hitherto existing structure was based on objectives totally different from our present goals and developed under specific historical circumstances with us representing part of a gigantic military machinery. Therefore, an army of this size is no longer required today, and besides, our country's economic situation no longer permits its maintenance at such a level.

The new structure of our Army should be based on a new national security doctrine, which we are currently working on. We are expected to discuss and resolve numerous problems related to the redeployment of units and subunits, to the duration of the military service, to methods of training, education, and posting of officers, and to the professional qualifications of the military personnel. We are also expected to draft new instructions, documents, regulations, orders, and laws. We have only a month left to accomplish all this in general lines, because we are expected to submit, explain, and defend the military budget at the National Assembly by 31 January 1992.

Why did we start with structural changes at the Defense Ministry? You are well aware, that according to the Parkinson law, a bureaucracy, once it has come into existence, develops according to its laws by trying to preserve itself and grow. We would not have achieved the desired effect if we had preserved the administrative links of the past. One the other hand, the new structures are created in accordance with the new objectives and functions entrusted to them. They are the mechanism likely to implement a new military policy and determine the trend of the changes in all branches of our Army.

The new structure was drafted as a result of prolonged discussions at various levels and on the basis of Bulgarian and foreign experience. It is expected to be finally approved on 15 January 1992, but I would like to stress

that we are open to suggestions and that the new structure is expected to develop from now on, along with the new state institutions and on the basis of the experience of all modern states.

Changes are also envisaged in the structure of the General Staff, but they are expected to involve only specific military tasks in the future, such as operational command and combat training of the troops and combat readiness. The changes at the Ministry of Defense are much more essential. This is logical because the democratic processes and the market economy impose new criteria and interrelations with the other institutions of the country. As a matter of fact, the military political, military economic, and military-administrative bloc, headed by civilian leaders, are likely to relieve the General Staff and other command units of the Army from duties that do not pertain to their essential tasks and that they were forced to deal with in the past.

I would also like to dwell on the reaction to the reforms, Minister Ludzhev pointed out. Certain forces are trying to influence the officers and to exploit the situation for political advantages by using the personnel policy related to military cadres as a pretext for biased insinuations. Nevertheless, the appointment and dismissal of cadres in the Ministry of Defense is not a purpose in itself, it is the result of new stances and structural reform. The personnel policy is not prompted by any other reasons. The personnel changes are carried out with a view to the new requirements by relying on the most highly qualified cadres for a given task. I would like to declare that all public statements made by officers on the subject, or complaints filed to parliamentary and other official institutions are in contradiction with the existing legislation and military statutes, and should be strictly curtailed. As of today I cancel the activities of the officers' assemblies that were established at the defense minister's order, considering that their activities have transgressed the limits of their original functions. As far as the Rakovski Officers' Legion is concerned, we expect it to support the reforms. The view of the Legion's Club on the administration of the Naval Forces in Varna, however, exceeded the framework of the agreement signed between the legion and the former Ministry of Defense leadership. Hence, I am convinced that the agreement should be updated in accordance with the experience of other European countries.

At the same time I would like to stress that the leadership of the Defense Ministry is greatly concerned about the future of the officers likely to be affected by the current structural reform. Some of them may be left to work in the new administrative departments, while others have the opportunity to apply for vacant positions in military schools, units, and subunits, Minister of Defense Dimitur Ludzhev pointed out.

As a matter of fact, the reform that we we are in the process of implementing today is aimed at enhancing the officer's social status, to provide specific opportunities for his development on the basis of objective criteria, and to guarantee a happy retirment age for him by offering him highly qualified training and a comfortable pension, the minister added. For this reason, the defense ministry's leadership is confident Bulgarian officers will support the reform and perform their duties in accordance with the Law and the unwritten rules of the officer's code of honor, Dimitur Ludzhev stated at the end of his address.

Colonel General Lyuben Petrov, chief of the Bulgarian Army's General Staff, examined a number of unusual incidents and breaches of discipline that occurred in the Army in recent months and expressed his concern about the problems emerging in this sphere. He gave specific instructions on consolidating discipline, which is the basis of military training and combat readiness.

Assembly Debates Foreign Investments Bill

AU1601092292 Sofia BTA in English 0814 GMT 16 Jan 92

[Text] Sofia, January 16 (BTA)—The National Assembly continues its second-reading debate on a Business of Foreign Persons and Foreign Investment Protection Act.

The previous, socialist-dominated parliament, passed a Foreign Investment Act which was immediately dubbed "Anti-Investment Act." The previous coalition government licensed a single foreign investment.

Mr. Ilko Eskenazi MP of the ruling Union of Democratic Forces (SDS), a well-known lawyer, introduced a new Foreign Investment Bill in November 1991, shortly after the incumbent parliament started its first session. The bill passed on first reading at the end of December. The second reading opened at parliament's first sittings in January. The bill and the already adopted sections of it are assessed as laying down liberal terms for foreign investment in Bulgaria.

Yesterday the MP's considered the section of the bill dealing with the restrictions on investment. The finalized text that was voted through reads: "Foreign persons may not acquire ownership in land, including such acquisition through a branch or in a single merchant capacity. Joint-venture partnerships in which the foreign partner or partners hold an interest of more than 50 percent may not acquire right of ownership in agricultural land." The article implies that although they may not own land, foreign investors will be able to share in its cultivation.

Special investment permission shall be required for manufacture of and trade in arms, carrying on of banking and insurance, acquisition of property in geographical areas designated by the Council of Ministers, exploration and extraction of natural resources from the territorial sea, the continental shelf or the exclusive economic zone.

The permits for banking shall be issued by the Governing Board of the National Bank of Bulgaria. The Council of

Ministers shall consider an application for permit within forty-five days. The National Bank shall consider an application for banking within six months and for acquisition of interest in a bank partnership within three months. A denial of an application shall have to be reasoned.

Should an international treaty to which Bulgaria is a party provide more favourable conditions for the conduct of business by foreign persons, the more favourable conditions shall apply as provided by the international treaty.

The act explicitly states that "legally undertaken business and legally made investments shall be immune to superseding statutory restrictions. This provision shall furthermore apply to businesses started and rights acquired under statutory acts preceding this act."

Dimitrov Discusses Economic Situation

AU1201201492 Munich SUEDDEUTSCHE ZEITUNG in German 11 Jan 92 p 9

[Wolfgang Koydl report: "Nothing Is Distributed Well Unless It Is Distributed by the Market"]

[Text] Sofia, beginning of January—Somehow the short black-haired man seems lost in his office that must have been built for a giant. The room in the Stalinist building of the Council of Ministers that resembles a medium-sized dancing hall, however, seems to correspond to the size of the problems that Prime Minister Filip Dimitrov is facing. The 36-year-old jurist has headed Bulgaria's first democratic government since the beginning of November. The Union of Democratic Forces [SDS] which he leads is confronted with the task of removing the shambles left behind by over 40 years of communist dictatorship in this small Balkan state.

His main quality is "honesty," the head of government stated in an interview with SUEDDEUTSCHE ZEITUNG. "The people have been deceived for such a long time, and we owe them the truth, even if it is cruel to a certain extent." The things that Dimitrov told the population in his first radio and television address were indeed bitter. He ruled out a tangible improvement of the economic situation in 1992. On the contrary, it will deteriorate. What Dimitrov basically said was that the Bulgarians, who are being hit hard by the transition toward market economy, must renounce calls for wage and pension increases for the time being. A Christian, he used a biblical comparison: "Like the people of Israel, we are on the path toward the Holy Land, but we are still in the desert."

The Bulgarians still have a long way to go. Unemployment will rise dramatically in the coming year—from 440,000 (10 percent of the work force) at present to presumably 1 million. "The most embarrassing thing, however, is that unemployment has so far not had an impact on work behavior," Dimitrov pointed out. Too many Bulgarians are still carrying out unproductive work. This can be seen from the fact that productivity declines quicker than the number of unemployed rises. An improvement of the economy will not be possible without an increase in unemployment figures. "There are enterprises which simply have to be closed because they are unproductive," Dimitrov emphasized. In addition, the government will take purposeful measures to privatize the national economy. "We have discovered that nothing is distributed well unless it is distributed by the market," he stated.

The former Communist Party, which was renamed the Bulgarian Socialist Party after the revolution in 1989 and which held a majority in parliament until the second free parliamentary elections in October, used to block, delay, or water down radical economic reforms. Now the pace will be accelerated. Shortly after the installation of the new democratic government, the first "restitution law" was adopted. Under this law, small businesses and enterprises were given back to their former owners and new private firms were legalized. In the near future, heavy industry will be privatized and agricultural land will follow. Over 80 percent of Bulgarians are entitled to land that was confiscated by the communists after they assumed power. Another central element of reform, the law on foreign investment, will soon be adopted by parliament.

It seems as though the head of government cannot rely on a stable basis to implement his ambitious reform project. The governing SDS consists of 16 different groups representing various ideas and interests. In parliament the SDS holds the most seats. With 111 deputies it is, for the first time, the largest party, ahead of the Socialists with 106 members. In parliament the SDS needs the support of the 24 deputies of the "Movement for Rights and Freedoms," the party of the Turkish minority. In order not to increase tensions that are being fanned by former communists, the two parties decided not to form an official coalition.

Dimitrov considers the existing government structure to be stable. "Ironically enough, the communists would not be happy with new elections because they would lose even more votes," he believes. The Turkish party can rely on a strictly limited number of votes. "One can always make precise predictions how many votes it will receive." After new elections, it would no longer be in a position to tip the scales.

Dimitrov will probably be able to rely on an important figure in the future as well: President Zhelyu Zhelev. There is little doubt that the philosopher and former dissident will be confirmed in his position this weekend [12 January]. During his first term of office, he contributed more than anyone else to strengthening Bulgaria's position abroad.

The country is facing danger from outside. Sofia is worried about the conflict in neighboring Yugoslavia. "Bulgaria is involved in practically every conflict in the Balkans," the prime minister said. Thus, it is all the more

important for his country "not to make territorial claims and to support all attempts to end the hostilities—on the part of the United Nations and the EC." "As long as weapons are speaking, politicians cannot do very much," Dimitrov added.

Bulgaria has so far succeeded in avoiding ethnic conflicts. Such conflicts would primarily affect the Turks, who account for about 15 percent of the population. The prime minister stressed that Bulgaria owes this to the civil war between Serbia and Croatia. "Yugoslavia has shown our people the complete absurdity of ethnic conflicts." Sofia might easily be drawn into a conflict in the Balkans, however, if Belgrade should use force to prevent the independence of Bulgaria's neighboring republic of Macedonia. Sofia supports the independence efforts of the neighboring people who use a similar language, but—for the first time in history—does not claim Macedonian territory. "We have lost a few wars and a few hundred thousand people because of Macedonia," Dimitrov pointed out. "It was about time to acknowledge the realities."

Minister Kostov Forecasts Economic Development

AU1501101592 Sofia POGLED in Bulgarian No. 1, 6 Jan 92 p 9

[Interview with Minister of Finance Ivan Kostov by Angelina Petrova on 29 December 1991; place not given: "We May Have a Chance of Arresting the Trend of Our Country's Further Impoverishment"]

[Text] [Petrova] Is the government awaiting the results of the presidential elections in order to resume its work?

[Kostov] Only today (29 December) the cabinet has been in session for nearly seven hours, in view of the fact that we were expected to deal with 18 items on our agenda. The rumor that we are not working is deliberately spread by certain groups of people who are pursuing a very specific objective. This is a method of exerting pressure upon us and creating tension in order to obstruct the government's work. Therefore, I do not share the opinion that the cabinet is idle.

[Petrova] What about the expected increase in prices following 12 January 1992? Is this also nothing but a rumor?

[Kostov] Naturally, it is a rumor. Who determines prices today?

[Petrova] Presumably the market. Nevertheless, considering that commodity production has dropped, it is logical to expect a price increase.

[Kostov] You should have been at the National Statistical Institute news conference when it submitted a detailed analysis of the data on production in 1991. This is what the data revealed: The lowest production figures were registered in June 1991. A certain fluctuation followed, after which a definite trend of revival was established in the late autumn of 1991. Such are the facts, and this is exactly the development I expected. I said so at the beginning of 1991, as a matter of fact.

[Petrova] What are your forecasts for 1992?

[Kostov] We are expecting it to be a difficult year, considering that the remnants of the remnants from the old regime are likely to cause a deterioration in our economic problems. Such a development is inevitable, especially in view of the current and expected future events in the new Community of Independent States [CIS]. This was precisely the territory of Bulgaria's largest export market. The former Soviet Union was also our major source of raw materials. Therefore, I expect the drop in production to continue in 1992, and it will require a great effort on the part of the government, of parliament, and of all our citizens to try to arrest the negative trend. In all events, however, the drop in production is not expected to be as drastic as it was in 1991. This means that people will not be forced to pay an additional price for the transition to the market economy.

[Petrova] Are you trying to say that we should not expect a further deterioration in the trend of our impoverishment?

[Kostov] I am expecting the domestic market to compensate for the damage caused by the loss of our foreign markets. This should permit us to maintain the population's living standard at approximately the same level as it is today. Nevertheless, taking into consideration the deteriorating economic conditions, it will be even more difficult to implement a disciplined financial policy, especially a policy of substantial budget cuts, the more so since the citizens' expectations of an outcome from the crisis are increasing. Everyone is expecting us to overcome the crisis, but the majority of people do not realize that this can be achieved only through disciplined and creative efforts. It is a method of political populism to delude people that we can "already loosen our belts." This cannot happen out of the blue. Nevertheless, I am confident that a considerable number of people in our country may learn how to stand on their own feet. I am referring to those who are in business or are working in the private economic sector. The most important thing is not to treat them with envy and suspicion, because envy and suspicion are not the appropriate incentives to promote our efforts to overcome the crisis in our own way. I expect the differentiation of the people's social status to deepen in 1992. This, however, is likely to provoke a deterioration in social behavior with all its negative repercussions, involving political and social implications, and even an increase in the crime rate. This could turn out to be an additional obstacle to the policy of reform.

[Petrova] Do you exclude the possibility of a rightist coup in the country's administration?

[Kostov] I do not know what you mean by "rightist." The most terrifying scenario would be the appearance of

the so-called strong man with the stick. It would be frightening if someone should think that this is the most uncomplicated and appealing method of resolving our current problems. This would essentially mean a restoration of the system we are trying to depart from today. Any attempt to restore authoritarian leadership—regardless of whether it comes from the left or the right—would mean a return to the well-known patterns of social behavior. It would mean to sit down and wait for someone else to accomplish the tasks that we are all expected to perform with our common efforts. It would mean that a very strong man, someone like—well, let us rather leave his name unmentioned—would come to our rescue. If this should happen, it would mean that we have been incapable of accomplishing anything whatsoever. The solution to the problem is that people should transform themselves, that they should change their behavior, and their mentality. If an overwhelming majority of our people were to gaze at the skies, awaiting charity and the actions of a "strong man" to order them about, take all their possessions, and hand out some small gifts to them, then it would mean that nothing has changed in our country.

Finance Minister Views Foreign Debt Situation

AU1001174392 Sofia BTA in English 1604 GMT 10 Jan 92

[Text] Sofia, January 10 (BTA)—There is no confrontation between the Bulgarian Government and Deutsche Bank, we simply represent two sides which are willing to solve the problem of signing an agreement between Bulgaria and her creditor banks, and I hope we will manage to reach a compromise, Mr. Ivan Kostov, Bulgaria's minister of finance, says in an interview for "PODKREPA."

"We are ready to provide state guarantees on the country's foreign debt provided an agreement is signed between Bulgaria and the creditor banks," he said. According to Mr. Kostov, it is impossible to provide guarantees in the absence of an agreement and without a reciprocal commitment on the part of the banks. This would mean to sign a blank sheet, he said.

At the same time Mr. Kostov admits that two groups have been formed within the ruling Union of Democratic Forces (SDS) on this issue: The one insists that the provision of guarantees dependent on the signing of an agreement while the other holds the opposite view. Both Mr. Kostov and Mrs. Mariana Todorova, chairwoman of the former interagency commission on the management and coordination of the country's foreign debt, belong to the first group.

Early this week Mr. Kostov told the press that the foreign debt negotiations between Bulgaria and Deutsche Bank are to open soon. In his interview Mr. Kostov explains that this month Bulgaria will be visited by representatives of the creditor banks, including Deutsche Bank, to finalize "certain details."

"24 CHASA" reports that at a meeting with economics students yesterday Mr. Kostov said that Bulgaria would offer the creditor banks to repurchase its foreign debt. According to the same newspaper, the Bulgarian delegation to the negotiations scheduled for the end of March is drafting an agreement based on Mr. Kostov's idea. "24 CHASA" writes that the repurchase of Bulgaria's 9-billion-dollar debt will cost two billion dollars if the present price of 22 cents per dollar is preserved. To secure the money the government will issue government bonds and will make long-term loans with international financial institutions. The newspaper says that this action, which is aimed to deter debt payments once again, will burden the country with new interest payments.

Signs of Economy 'Heading for Recovery'

AU1001174192 Sofia BTA in English 1613 GMT 10 Jan 92

[Text] Sofia, January 10 (BTA)—The Bulgarian economy is emerging from the depression and is moving to recovery, economist Velichka Rangelova concludes a year after the start of the economic reform (February 1, 1991).

In an article in "DEMOKRATSIYA", the daily of the ruling Union of Democratic Forces, Ms. Rangelova analyses the economic development in the past year. She stresses that some of the results achieved so far are strategic factors for the future of the market economy. She singles out the fact that the economy was placed on firm ground and on the market principle. While in the totalitarian period economic growth relied only on state subsidies and external loans, now after the introduction of the market principle the economy is getting to normal. That is why the economic developments since the start of the reform should be analysed by months instead of in comparison with the biased indices of the past.

According to the author, the economy was in a depression between June and July 1991. There has been an increase in the output (except that of farmers and private producers) since July. The output amounted to 4,529 million leva in July and increased steadily until it reached 5,331 million leva in November. Industrial output also showed an upward tendency in the second half of 1991, unlike other sectors which were fluctuating.

The crisis is over and the economy is heading for recovery, according to Ms. Rangelova. She points out that the empty shops were stocked with goods within a year and hunger is no longer a threat to the Bulgarians, the article says.

The author points to the increase in the average wages as a particularly positive result. It was 1,419 leva in November as against 361 leva on the average in 1990—a four-fold increase at an inflation rate of 4.28 in the same period. Taking into account the rise in the average wage in December, the author states that inflation has almost been compensated by the wage increase.

The article lists other positive results of the reform: the decrease in the money supply, the stabilization of the domestic purchasing power of the lev, the fact that the deficit did not exceed the limit approved by parliament, the prevention of the economy's dollarization, the stabilization of the exchange rate of the dollar, the liberalized import and export regulations and the eased currency regulations concerning companies.

Pensioners To Receive 'One-Time' Payment

AU1501183492 Sofia BTA in English 1801 GMT 15 Jan 92

[Text] Sofia, January 15 (BTA)—Under today's decision of parliament pensioners are to receive a one-time benefit of 200 leva (about 10 dollars) in February. In Bulgaria the minimum monthly pension is about 500 leva. Under parliament's decision the government is to be given a loan of 480 million leva by the National Bank of Bulgaria for the payment of the one-time benefit. There are about 1,200,000 pensioners in Bulgaria.

The socialist faction made a motion that pensioners be given additionally 200 leva per month until the Pension Adjustment Act is passed. The motion was voted down.

At a plenary session at the end of last week Prime Minister Filip Dimitrov reported on the possibilities for improvement of social and pension security. He called on parliament to consider his report when debating the 1992 national budget. Bills on social security and social benefits are expected to be submitted in May or June.

Government Introduces Small Privatization Bill

AU1501131692 Sofia BTA in English 1215 GMT 15 Jan 92

[Text] Sofia, January 15 (BTA)—Today the Council of Ministers decided to introduce in parliament a bill on the starting of small privatization.

The bill restores the right of the ministries to convert state companies into single-person commercial partnerships as well as to privatize facilities, machines and equipment estimated at up to 10 million leva. After determining the ownership of these facilities they will be sold by auction. With this bill the Council of Ministers leaves it to the National Assembly to regulate the use of the funds from small privatization. A part of them should go to the national budget to cover the companies' debts to the state. It is also necessary to prevent the use of these funds for wages so that state capital would not be reduced.

According to Mr. Ivan Pushkarov, minister of industry and trade, his ministry is ready to start with the privatization of several thousand facilities, mainly in the light and food processing industries as well as of machines and equipment, to the tune of about 7 billion leva, estimated in old prices. This law would also help on uncompleted construction. The appraisals of the facilities will be made and approved by the Council of Ministers.

This is a step towards privatization before the adoption of the privatization act but we are obviously forced to proceed step by step, Mr. Pushkarov told journalists after the session. He added that the Council of Ministers had consulted the Legislative, Budget and Economic Committees of the National Assembly and relied on the support of parliament for the quick passing of the bill.

Ministry Suggests Funding Social Security

AU1001202792 Sofia BTA in English 1911 GMT 10 Jan 92

[Text] Sofia, January 10 (BTA)—During the one-day warning strike of the Confederation of Independent Trade Unions on January 8 pensioners held a protest rally in Sofia. They demanded an improvement of the social security system.

The Ministry of Labour and Social Affairs reported to parliament that there were 2.4 million pensioners in Bulgaria, 3.1 million employed and 400,000 jobless. Thus, one job-holder has to support two welfare recipients. As a result of the economic reform the number of unemployed is expected to rise by another 300,000 and the number of pensioners by 200,000. That will impose a heavy burden on the social security system and will reduce its revenues.

In the last two years alone the expenditures on pensions rose from 3.2 billion to 3.9 billion leva. At the same time, the proportion between the average pension and the average monthly salary has dropped by about one third. This year the budget subsidies for social security are expected to reach 5 billion leva. The pensions will be raised but will still remain below the subsistence wage.

The Ministry of Labour and Social Affairs is working on a long-term social programme, the implementation of which is to start in six months. "But the ministry is also taking urgent measures," said Mr. Dokhomir Minev, deputy minister of labour and social affairs. Pensioners will probably receive a one-time benefit of 200 leva in February which would require a total of 480 million leva.

Soon after the pensioners' rally, the parliamentary BSP [Bulgarian Socialist Party] moved a bill to amend the Pensions Act. It envisages a 250 leva raise of the average pension which would require some 7.5 billion leva this year.

Ministry Denies Action in Personnel Cuts

AU1601111892 Sofia Khorizont Radio Network in Bulgarian 1000 GMT 16 Jan 92

[Text] An announcement of the Press Center of the Ministry of Internal Affairs, signed by Major Karaychev, head of the Press Center and Public Relations Department, points out that according to reports published by

certain mass media, I quote, the personnel cuts in the Ministry of Internal Affairs are made on the basis of a list prepared by Ahmed Dogan, leader of the Movement for Rights and Freedoms [DPS], end of quotation, the Press Center of the ministry of Internal Affairs has been authorized to declare:

Reports of such a list totally lack authority. The personnel changes in the Ministry of Internal Affairs are made on the basis of criteria that have been published in advance by the mass media. The following example is indicative: No repressive acts related to the revival process have been conducted in regions such as Pernik, Veliko Turnovo, Vidin, and others, where changes in the regional leadership of the Ministry of Internal Affairs were implemented. No concurrent changes were implemented at the Regional Directorates of the Ministry of Internal Affairs in Kurdzhali.

The personnel changes have been motivated by the principle of professionalism. The leadership of the Ministry of Internal Affairs will not succumb to attempts of various political forces to interfere with its work. This is confirmed by the fact that after careful reassessment three leading officials who had been fired have been restored to their posts. These are the heads of the Security Service and Fire Fighting Service Departments of the Pernik Regional Directorate of the Ministry of Internal Affairs, and the head of the Criminal Police Section at the Stara Zagora Regional Directorate.

Today Minister Sokolov has signed an order for an increase of 280 leva to the award paid to officers and sergeants of the Ministry of Internal Affairs upon achieving their rank, effective as of 1 February 1992. Thus the award for achieving a rank at the Ministry of Internal Affairs has been brought in line with the similar award paid at the Ministry of Defense.

Todor Zhivkov Denies Granting Housing Favors

AU1501122692 Sofia Khorizont Radio Network in Bulgarian 1000 GMT 15 Jan 92

[Report by Maria Stefanova on 15 January proceedings at Todor Zhivkov's trial]

[Text] Todor Zhivkov's defense submitted an application to the bench containing several precise requests. One of the most important was that documents from the people's councils providing evidence that apartments were actually distributed at Todor Zhivkov's instruction be submitted. Mrs. Daniela Dokovska, Todor Zhivkov's defense counsel, declared that the documents in question would be a help for the work of the court and would contribute to finding out the truth of whether real damages were caused and whether real profit from such damages benefitted Todor Zhivkov.

The floor was given to Todor Zhivkov.

[Begin Zhivkov recording] I would agree with the prosecutor that an excessively large amount of documentary evidence both pertaining to the investigation and to the current trial proceedings is involved regarding the number one trial, and so forth. However, I beg the prosecutor most strongly to submit at least one letter I allegedly wrote to the competent organs in question, proving that I interfered with the distribution of housing units to citizens, or to my relatives and friends. Show me at least one letter, or one resolution I signed, or even one telephone call I made on the subject of housing to any local authority, mayor, or any other official whatsoever. I never permitted myself to do such a thing. I beg you to produce one letter, one of my resolutions. I used to receive at least 1,000 reports on housing problems annually, and I always sent them to the competent organs to deal with them, and I never called anyone—no telephone calls, no letters, no resolutions of mine whatsoever exist in this respect. [end recording]

This was Todor Zhivkov speaking in his own defense. This is the right time to remind you that on 7 January 1992 Prosecutor Zhekov declared that the charge against Todor Zhivkov on distributing apartments and housing units to certain individuals would very likely be withdrawn because of the lack of evidence and the nonappearance of important witnesses.

Nevertheless, we are awaiting the end of trial number one, which opened on 25 February 1991 and which is expected to end at approximately the same time in 1992.

Corruption Discovered Among Customs Officials

AU1401202592 Sofia BTA in English 1730 GMT 14 Jan 92

[Text] Sofia, January 14 (BTA)—The problem of corruption among the Bulgarian customs officials began to be mentioned ever more frequently here since the beginning of this year. On New Year's Eve a high-ranking customs official was caught at the airport in the attempt to smuggle out U.S. 10,000 dollars, hidden in a specially made belt. This was regarded as evidence of the existence of corruption in the customs administration, Mr. Evgeni Uzunov, head of the chief customs department, said on the occasion.

According to statements made by Interior Minister Yordan Sokolov, corruption is widespread especially near the border check-points. By way of illustration he mentioned a family from the town of Kurdzhali, not far from the Greek and the Turkish border, that tried to smuggle out of the country 10 freight-cars of "luggage," stopped at the last moment. Tightening control at the border crossings was one of the measures which the government intends to take against growing crime in this country, mentioned by Prime Minister Filip Dimitrov. Both he and the minister of the interior believe that some of the employees of the Ministry of the Interior are already related to economic crime and with the "fledgling" mafia in this country.

The problem with corruption is serious and requires a serious approach, Mr. Uzunov said on the National

Radio. According to him the traditional measures will not yield and are not yielding adequate results. Customs operations are no longer restricted only to the border check-points but are also being carried out in the interior. Cooperation with the tax administration authorities as well as between the financial control bodies and the customs administration is being considered.

'False' Alarm Received on Explosives in Vidin

AU1201195692 Sofia BTA in English 1931 GMT 12 Jan 92

[Text] Sofia, January 12 (BTA)—Two anonymous reports on explosives were received at the Directorate of Interior Affairs in the Danubian town of Vidin today at 6.30 p.m. [1830 GMT] and 7.30 p.m. [1930 GMT]. One of the explosives was reported to have been planted in the Electoral Club of the Vulkanov-Vodenicharov team, the other in the office of the chairman of the National Initiative Committee of the independent candidates Sendov-Saparev.

The operative groups took immediate action and found the alert was false.

Trenchev Considers KNSB Strike 'Failure'

AU1201191892 Sofia Khristo Botev Radio Network in Bulgarian 1830 GMT 11 Jan 92

[Text] At today's meeting of Varna residents with the national leadership of the Podkrepa Labor Confederation, Dr. Konstantin Trenchev, chairman of the Podkrepa Labor Confederation, pointed out that one of the main obstacles to the economic reform is represented by cadres unwilling to promote the reform or who would promote it only in order to obtain personal benefits.

The interests of Podkrepa are not the interests of a group of people, but the interests of all people, of the workers, he said. Therefore, I can by no means reassure the members of the nomenklatura. We not only intend never to leave them in peace, but we are firmly convinced that they will be removed from their posts by legal methods.

Trenchev again described the strike action of the Confederation of Independent Trade Unions [KNSB] on 8 January as a total failure. Analyzing the reasons for this, the trade union leader pointed out the vague, unspecified, and excessively numerous demands of the KNSB. One of the basic rules for such actions is simple and unmistakable: The greater the scope of the action, the fewer demands should be raised. They should be no more than two, under all circumstances.

This is Trenchev's forecast about the future of the KNSB: If they are true democrats they will survive, even after the recent defeat and even after the confiscation of their property.

Vice President on Ties With Israel, Arab Nations

PM1001114492 London SAWT AL-KUWAYT AL-DUWALI in Arabic 8 Jan 92 p 8

[Interview with the Bulgarian Vice President Atanas Semerdzhiev by Muhammad Khalaf in Sofia; date not given]

[Excerpt] [Khalaf] Observers note a tangible deterioration in your relations with the Arab countries. Do you believe that the reason is your rapprochement with Israel?

[Semerdzhiev] In the past Bulgaria was bound to the Arab countries by really good relations. The nature of these relations was governed by the international division and conflicts and rivalry in international relations.

Today's world is different from yesterday's, as the Cold War has disappeared and the historical process is strengthening world unity more and more. We must start to make changes in our country's foreign policy, too.

Bulgaria has started to move toward cooperating and working with the Western democracies and coordinating with the European institutions and Atlantic circles.

Within this context an end was put to the abnormal situation in Bulgarian-Israeli relations, which needed to be resumed. But this does not mean sacrificing our relations with the Arabs. We insist on the existence of good and well-developed relations with all the Arab countries. We want them to be broader and stronger than in they were in the past.

Certainly, we do not use our relations with Israel a basis for conflict with the Arab countries.

Radical changes and developments have taken place in that sensitive region of the world. They have left their long-term imprint and effects on the Arabs and Israel. They also have substantially changed the other states' relations with them.

[Khalaf] Was it necessary to turn Bulgaria into a transit point for Soviet Jews emigrating to the occupied Arab territories?

[Semerdzhiev] Our country's position must be understood within the context of the principles about which I spoke earlier. The decision to let all Jewish emigrants pass through Bulgaria is a humanitarian one!

[Khalaf] But Israel is settling these emigrants in the Arab territories which it occupied and confiscated despite widespread international opposition. As you know, the future of of these territories has still not been settled and this question is the subject of current talks at the international conference on the Middle East, whose meetings started in Madrid last month. Besides, the settlement of these Jews conflicts with the UN resolutions calling for the Israeli aggressor's withdrawal.

[Semerdzhiev] That is your opinion...

[Khalaf] What about your country's position on the international conference?

[Semerdzhiev] I believe that the peace conference represents the last chance to unravel the complex knot of contradictions in that vital region of the world. We welcome the U.S. initiative to convene it. And we believe that conditions are now favorable for achieving a breakthrough that will serve peace in the region and worldwide, because everyone needs it. [passage omitted]

Starting Kozloduy Old Nuclear Reactors Denied

AU1601081992 Sofia BTA in English 2125 GMT 15 Jan 92

[Excerpts] Sofia, January 15 (BTA)—The outdated reactors of the WWER-440 type at the Bulgarian nuclear power plant which were shut down a couple of months ago have not been restarted, a competent source said today in connection with the public allegations by German Environment Minister Prof. Klaus Toepfer that the reactors were back in service. Mr. Kiril Nikolov, president of the Nuclear Power Generation Economic Corporation, explained that these reactors will be started, if at all, only after the ongoing programme to bring them into line with international safety requirements is completed. [passage omitted]

The Greek private company grouping called Planned Development of Northern Greece and the Bulgarian Marketing Institute will cooperate in implementing the European Community programmes for the countries of Eastern Europe, it was announced at a news conference here today.

The government today approved regulations for the organization and operation of the commission controlling the trade in military and special output. The regulations set the conditions for arms trade which can be carried out only by companies licensed by the commission.

Kozloduy Fifth Reactor Operational

AU1501210592 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 15 Jan 92

[Text] The fifth reactor of the Kozloduy Nuclear Power Plant is now functioning at its minimum controllable capacity and will remain like this for several days. Permission for start-up was given by the Committee for the Peaceful Uses of Nuclear Power. The developments in the active zone of the reactor are being checked against a special program and the necessary start-up operations relating to increasing capacity are being carried out.

Government Recognizes Slovenia, Croatia 16 Jan

LD1601121892 Prague CSTK in English 0958 GMT 16 Jan 92

[Text] Prague Jan 16 (CSTK)—The Czechoslovak Federal Government today decided to recognise Slovenia and establish diplomatic ties with the republic, and to recognise the Croatian Republic.

Diplomatic ties with Croatia will be established only after assessment of guarantees of respect for basic human rights and freedoms in the republic, including the rights of ethnic minorities.

Czechoslovakia also considers recognition of Macedonia and Bosnia-Hercegovina, taking into view the results of discussions of the European Community (EC) Arbitration Commission in Brussels, the Czechoslovak Government said in a statement issued today.

Czechoslovakia regards inadmissibility of a forcible change of borders as one of the chief conditions of a political solution of the Yugoslav crisis. It supports a speedy deployment of the U.N. Peacekeeping Force also on the territory of Bosnia-Hercegovina, the statement said.

Carnogursky on Relations Between CIS, Slovakia

AU1501084892 Bratislava SLOVENSKY DENNIK in Slovak 11 Jan 92 p 2

["Excerpt" from an interview with Slovak Prime Minister Jan Carnogursky by an unidentified correspondent carried on Slovak Radio on 10 January; from the "Ten Minutes With the Prime Minister" program]

[Text] [Correspondent] A Czech Republic Government delegation is currently visiting the Ukraine. It is led by Prime Minister Petr Pithart, and its composition is economically oriented. Is the Slovak Government also considering the fastest possible establishment of contacts with the Ukraine or the other CIS republics?

[Carnogursky] The Slovak Government has also established official contacts with the Ukraine, and we did this even before the referendum in the Ukraine. Slovak International Relations Minister Demes paid an official visit to Kiev last November. We are also preparing a Slovak Government delegation visit to the Ukraine, Russia, and possibly other states of the commonwealth. I believe that it is precisely Slovakia that is very active and has a very good track record regarding relations with the Ukraine and the entire commonwealth. Let me point out that I sent a congratulatory telegram to the signatories of the Brest agreement on forming the commonwealth the very next day after the signing of the treaty. It was at a time when rather skeptical views regarding the new commonwealth dominated. Incidentally, yesterday, I received Russian Federation Ambassador Lebedev and Russian Federation Consul General Polakov. We discussed our interest in organizing a visit by a Slovak delegation to the commonwealth member countries, and we intend to organize the trip as soon as possible.

[Correspondent] Several Czech newspapers have raised the issue of the Trans-Carpathian Ukraine and its possible annexation to Czechoslovakia. What is your opinion of these endeavors?

[Carnogursky] They are irresponsible. A certain number of our nationals live in the Trans-Carpathian Ukraine but they form an ethnic minority in the population. Czechoslovakia itself has an interest in observing the Helsinki process and in recognizing the existing borders in Europe. Therefore, not only is the Slovak Government making no territorial claims, it is not even considering the possibility of changing the border. We are interested in intensifying economic and cultural cross-border exchange, particularly between eastern Slovakia and the Trans-Carpathian Ukraine. This, however, is another matter, and we intend to discuss it with the Ukrainian representatives.

CSU Calls For German Treaty Revision

Ministry Rejects Demand

AU1501112992 Prague CSTK in English 1245 GMT 13 Jan 92

[Text] Prague Jan 13 (CSTK)— The Czechoslovak Foreign Ministry is not considering any demand by the Bavarian Christian Social Union (CSU) to change the Czechoslovak-German Treaty which was initialed October 7, CSTK was told by a senior official of the ministry today.

On Saturday [12 January] in Munich the head of the CSU Bundestag party, Wolfgang Boetsch, called on the German Government to at least demand that Czechoslovakia discontinue auctioning what he called the "unjustly expropriated" Sudeten German property.

Zdenek Zikmund, head of the Czechoslovak Foreign Ministry's press department, said "the Czechoslovak Foreign Ministry considers the treaty to be valid only in the version in which it was initialed. This means it is considering no change or revision of any provision of the treaty."

Czechoslovakia wants the treaty to be signed by mid-February at the latest. On Friday [10 January], German Chancellor Helmut Kohl said the treaty will probably be signed before March.

The treaty is criticized by Sudeten Landsmannschaften for not solving their property claims. The immovables of the about 2.5 million Sudeten Germans, who were resettled after World War Two in accord with the international Potsdam Conference, were nationalized under Czechoslovak President Edvard Benes' decrees of May 1945. The Landsmannschaften now claim restitution of the property, but Czechoslovakia has made it clear it will not go with restitutions before February 25, 1945, the date of seizure of power in Czechoslovakia by Communists. The property is now being auctioned off just as other state property within the privatization drive in the country.

Havel's Spokesman Comments

AU1501113392 Prague CSTK in English 1337 GMT 13 Jan 92

[Text] Prague Jan 13 (CSTK)— Czechoslovak President Vaclav Havel's spokesman Michael Zantovsky today said "there is no reason for modifying the text and for delaying" the signing of the Czechoslovak-German Treaty.

He was reacting to a demand for a revision of the treaty, initialed October 7, made on Saturday [11 January] by the Bavarian Christian Social Union (CSU).

Speaking at a regular briefing, Zantovsky hailed Friday's [10 January] statement by German Chancellor Helmut Kohl who rejected rumors about delay and changes in the treaty and who favored its signing in the weeks ahead and in the form in which it was initialed.

Havel believes the danger of a constitutional crisis, which threatened Czechoslovakia late in 1991 when the Czech and Slovak Republics could not reach agreement on the future state setup of Czechoslovakia, has been over, Zantovsky said. The federal parliament is busy drafting a new constitutional system.

According to him, Havel thinks that all historical documents will be made available to the public. A new system is being tested which will enable any citizen to get acquainted with records kept on him or her by the state. "I am sure" this will also apply to the materials of the former State Security (StB), Zantovsky said.

Speaking about Havel's program for the week, Zantovsky said he will tour southern parts of West Slovakia on Thursday and on Friday, he will work in his office in Bratislava, which was opened last October.

Sudeten Germans Issue Property Claims Statement

AU1501105292 Prague HOSPODARSKE NOVINY in Czech 13 Jan 92 p 14

[CSTK report: "The Sudeten Germans' Point of View"]

[Excerpt] Bonn—A property agreement between the CSFR and the FRG will set the pattern for compensating Sudeten Germans, so state the draft principles for resolving the property-related legal demands of Germans deported from Czechoslovakia after World War II.

Material published in the most recent issue of the weekly SUDETENDEUTSCHE ZEITUNG [Sudeten German Newspaper] emphasizes that in the aforementioned agreement, the FRG will in no way recognize the legitimacy of the confiscation of German property in the post-war Czechoslovak Republic.

This proceeds from the fact that no state of war existed between the Czechoslovak Republic and the German Reich and, therefore, Czechoslovakia has no claim to reparations, says a statement issued by the Sudeten German Landsmannschaft working group for property issues led by Fritz Wittmann, a deputy in the Bundestag. Material put forward for public discussion claims that the nationalization of Sudeten German property in 1945 infringed international law.

The statement describes the Germans who had property or other rights in the former Czechoslovak Republic at the time of confiscation as the "claimants." In principle, responsibility for damages is borne by the CSFR authorities or the private individuals who now own the property.

As far as the form of compensation is concerned, in essence, natural restitution or, in some cases, financial damages are being taken into consideration. It would then only be possible to export all movable property with the agreement of the appropriate CSFR authorities. In principle, all property would be utilized to the benefit of the Czechoslovak economy.

The amount of damages will be determined by a special treaty and will be governed by the level of the compensatory fund it will have at its disposal, continues the statement issued by the 10-member working group established last January. According to the document, property compensation can then begin immediately. Aggrieved parties can lodge property claims at the appropriate administrative authorities in the FRG and the CSFR. These institutions will provide mutual legal assistance and the necessary information. A decision will be made in all contentious cases in accordance with the compensatory commission's recommendation. [passage omitted]

Klaus Criticizes Western Investors' Support Call

AU1601130992 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 16 Jan 92 pp 9, 11

[Berthold Koller report: "Czechoslovak Finance Minister Criticizes Western Investors"]

[Excerpt] Prague, 15 January—CSFR Finance Minister Vaclav Klaus showed his annoyance at complaints from Western enterprises that they are not sufficiently supported by the government, for example, in the form of tax rebates or customs relief. Protectionism does not fit into an economy where the first elements of liberalism are being introduced. There is no reason for granting specific help that domestic enterprises do not get to "world giants like Volkswagen, Siemens, or Mercedes-Benz," Klaus said in an interview for this newspaper. Klaus said that relevant requests of the Volkswagen Group, which had established a joint venture with the Skoda Works, are "incredible." Volkswagen has been granted more than is acceptable in Czechoslovakia, he stated. Klaus said that he had hardly been able "to believe his ears" when he heard what Mercedes-Benz had demanded from the government in Prague regarding the planned joint venture with truck producer Avia.

Referring to the investment behavior of Western countries, Klaus said that "precisely what is possible, necessary, and realistic" is being done. He himself is "between two millstones": on the one hand, he is criticized for not

doing enough for foreign investments. That was recently criticized again by a group of Czech economic scientists in Western foreign countries. Others complained that too many enterprises had been permitted into the country. An even larger influx of Western capital may "become a political and economic problem," Klaus said. [passage omitted]

Klaus Remarks on Meeting of 1991 IMF Criteria

AU1501112892 Prague CSTK in English 1952 GMT 13 Jan 92

[Text] Prague Jan 13 (CSTK)— Czechoslovak Deputy Prime Minister and Finance Minister, Vaclav Klaus, today said that more than 1.1 million owners of investment vouchers (which can be converted into shares in privatized firms) were registered in Czechoslovakia on January 12, 1992.

Speaking at a press conference which followed a session of the Czechoslovak Financial Council, Klaus said the Council discussed the 1991 state budgets, saying the deficits in the Czech and Slovak Republics—about 14,000 million crowns (466 million USD) and 9,000 million crowns (300 million USD) respectively—were the result of higher expenditures, he noted.

By its deficit Czechoslovakia failed to fulfill one of the criteria set by the International Monetary Fund (IMF) but met the remaining ones better than expected, Klaus said.

Czech Finance Minister Karel Spacek said budget expenditures grew quickly at the end of last year, which corresponded with the development of the past years, but revenues were lower.

The Slovak Deputy Prime Minister, Anton Vavro, said the Slovak Government decided at the end of 1991 that the ministers must not exceed one-twelfth of the entire budget expenditures in November and December but the decision was not observed, he said.

Pithart: Republic Deficits Cannot Be Specified

AU1601135392 Prague CSTK in English 2045 GMT 14 Jan 92

[Text] Prague Jan 14 (CSTK) - Czech Prime Minister Petr Pithart today described a recent statement by Czechoslovak Finance Minister Vaclav Klaus on the Czech and Slovak Republics' higher expenditures at the end of last year as an offensive move in the pre-election struggle.

On the subject of the two republics' 1991 budget deficits—14,000 million crowns (466 million U.S. dollars) in the Czech and 9,000 million crowns (300 million U.S. dollars) in the Slovak Republic—Klaus said the republics "behaved in a socialist manner".

In a radio speech, Pithart pointed to the tendentiousness of Klaus's conclusions, saying that Klaus is also the chairman of an "ambitious party (the Civic Democratic Party) (ODS) striving for an election victory (in June 1992 elections)".

Pithart said the cause of the Czech budgetary deficit rests in lower revenues. He stressed, however, the deficit cannot yet be precisely specified but obviously it will not be as high as 14,000 million crowns.

Pithart said no agreement was signed during his recent visit to Ukraine as the Czech Republic is not a subject of international law. "We were the witnesses of the first consequences of dismantling the common state", he said.

Prime Minister Carnogursky Outlines KDH Policy

AU1601104992 Bratislava SLOVENSKY DENNIK in Slovak 10 Jan 92 pp 1, 3

[Article by Slovak Prime Minister Jan Carnogursky: "Our Chance—Our Responsibility"]

[Text] The former chairman of the Communist Party of China, Mao Zedong, used to issue slogans that the leftist intelligentsia in the West liked to adopt. It was impossible to deny that the slogans had some sort of brilliance. In the sixties, Mao's slogan "Chaos is growing—the situation is excellent" was quite popular. Like this, Chairman Mao was demonstrating China's self-confidence during the period of increased revolutionary turmoil in all over the world.

Mao's slogans do not belong to the ideological ammunition of the Christian Democratic Movement [KDH]. However, the above-mentioned slogan encourages us to look for positive aspects in every situation and to search for positive ways out of such situations. At the beginning of the election year, we need positive stimuli for the KDH internal political line, that is, we need stimuli in a situation in which more than 80 parties and movements are registered in Slovakia. We also need positive stimuli for the KDH political line, regarding the constitutional setup, since we are not satisfied with the current setup. When searching for a new one, we must not ignore the fact that the war in Yugoslavia is raging due to national disputes and the situation in the former Soviet Union has not fully stabilized yet. Well, let us search for solutions.

The Offer to Workers and Intelligentsia

Since the last—and, at the same time, the first free elections in Slovakia after the fall of communism—important changes have taken place on the Slovak political scene. The Public Against Violence movement, which emerged victorious from the elections, disintegrated. Its orthodox residue, the Civic Democratic Union-Public Against Violence, ranks very low in public opinion polls. On the other hand, its breakaway faction, the For a Democratic Slovakia movement, leads in the polls, yet that lead is constantly diminishing. As a rule, the KDH retains its second place that it gained in the

elections. The second place corresponds to our constructive policy without pompous rhetoric, scandalous slogans, and affairs. Parties quite frequently change their positions in public opinion polls, and no party has kept its lead for a longer period of time.

The existing composition of political forces in Slovakia gives the KDH a chance and imposes a responsibility on us. Compared with other parties and movements, our Christian, social, and democratic program creates the best prerequisites for our becoming a nationwide movement in Slovakia, a movement concentrating the most decisive forces of the nation. An opportunity is emerging for us to repair what we were unable to achieve prior to the 1990 elections. In particular, we have an especially important personal debt toward workers and intelligentsia. Our offer to the workers extends from the economic and social policy—which is now being implemented by the government—through the KDH alternative program during the implementation of economic reform and support for the trade union movement, to favorable political conditions for cooperation between foreign companies and our own, because it is just our movement that is capable of creating such conditions.

Christian and democratic traditions of Slovak history, which our movement embodies, is our offer to Slovak intelligentsia.

On our road toward a nationwide movement, we must avoid falling into two traps. Some of our members are inclined to introduce some kind of religious fundamentalism into our movement. We must think highly of their religious devotion, yet the KDH is not a religious movement but rather a political one. We base our ideology on Christian principles, and we try to implement them in society. We are creating conditions allowing the establishment of church schools, conditions for the basic purity and correctness of public life, and condition for a dignified place for the church in our society. Whatever is beyond that is a task for the church, not for the KDH. A misunderstanding of the nationalist idea leading to national chauvinism is the second trap. The KDH is a national movement. Out goal is to improve Slovakia's position. We have done a lot to achieve this. We also respect the rights of other nations and ethnic groups, and we respect civil rights. We want to improve Slovakia's friendly relations with other nations and not to confront them.

Faithfulness to the National and Christian Idea

Czechoslovakia was established as a unitarian state after World War I. Let us think of this as an historical fact, and let us disregard the treaties concluded between the Slovaks and Czechs during World War I. Let us note another historic fact—the fact that Slovakia became a part of the new republic after having been weakened by Magyarization for a long time. Simply, Slovakia did not have enough strength to assert its autonomy at the beginning of the First Republic. It is a remarkable fact in the history of Czechoslovakia that Slovakia's strength and potential are constantly growing. Incidentally, I see the source of Slovakia's growing strength in its faithfulness to its national and Christian idea. In proportion to its growing strength, Slovakia was more able to assert its equal standing within the republic. Changing historical circumstances served only as a backdrop to this fundamental historic trend. This process continues and represents the material basis for our discussions on the constitutional setup.

The problem of Czechoslovakia's constitutional setup lies in the fact that our predecessors—and we, too—proceeded from the unitarian state toward a composed state, and not the other way around. If two originally independent—or loosely connected—states proceed toward a greater unity, they have a plenty of time for every single step; they can perfectly reconsider the future setup and make a quiet decision whether to proceed toward a greater unity or not. The process of establishing the European Community—from the agreements concluded in Rome in 1957 to the Maastricht agreement of December 1991—can serve as a graphic example of this. When a state that was originally unitarian is assumes a looser form, everything is more complicated and risky.

Usually, at least one of the parties has a feeling that time flies too fast and that he might lose a chance he will never have again. It is difficult to agree on the degree of unity or looseness that would correspond to the current situation in both countries, in our case, in Slovakia and the Czech Republic.

To loosen the originally unitarian state faster than its individual components are able to bear would mean to risk the disintegration of the state—with all the ensuing consequences. In Czechoslovakia's case, an unconstitutional disintegration of the state would bring a risk of social, national, and international conflicts, the scope of which is impossible to predict.

Let Us Stay Wise

The main KDH task during the creation of the new constitutional setup of the republic is to remain wise. We must constantly examine what degree of unity or looseness corresponds to the possibilities and interests of both our republics. This is our objective in the discussion with political and state representatives of both republics. The congress in Zilina gave us the task of bringing the discussion to its end. Should the discussion fail, we would have to consider a looser union. Our draft treaty between the two republics offers us an opportunity to enter such a union and to define its extent, but prior to that, we will consult this matter within the KDH.

In this connection, it would be proper not to forget another aspect of the creation of the republic's constitutional setup. The Czech Republic is the home of a brotherly Slavic nation. We are not only neighbors of the Czech Republic, but we also share responsibility for stability in this part of central Europe. We do not want to leave the Czech Republic alone. We have strong ties with

Czech Christians. Together with them we should be able to eliminate demoralizing phenomena, be it in Bratislava or in Prague.

In 1975, Vaclav Havel sent a letter to then President Gustav Husak, calling the communist power an entropic [entropicky] power. This was a power that strangled social movement and led the country and society into apathy. The original entropy law in physics is derived from the gradual cooling of the universe: natural processes slow down and even stop in the proportion to the cooling process. Entropy can take various forms. Today, entropy is different from that during the communist regime. For the KDH, civilized demonstrations of the national and Christian idea are the best protection against entropy. They also are a barrier against chaos.

KDH Daily Cites Fear About Coupon Privatization

AU1501113292 Prague CSTK in English 0816 GMT 14 Jan 92

[Excerpt] Bratislava—[passage omitted] Public opinion polls show that lack of confidence in the ability of industries run by the state to make the change to profit-making operations is reflected in the Slovak population's reluctance to take part in coupon privatization, writes SLOVENSKY DENNIK, the daily of the Christian Democratic Movement (KDH).

According to the paper, "it may easily happen that Slovak industries will be bought up at an advantageous price by some foreign investment fund promising immediate profits. The trusting people who get caught in the snares of these enterprises will be crying in a year, as the fund will be abolished, the stocks sold to foreigners and they will be wondering what happened to their coupons."

Bank Chairman Denies Koruna Revaluation Rumor

AU1401132492 Bratislava VEREJNOST in Slovak 11 Jan 92 p 1

[Interview with Czechoslovak State Bank Chairman Josef Tosovsky by a "(bg)"-signed correspondent; place and date not given]

[Text] [VEREJNOST] Reports have been circulating recently about the forthcoming revaluation of the koruna. Is there any such intention?

[Tosovsky] If such an scheme were to come off, it would be kept absolutely secret and would be implemented unexpectedly; then no member of the Bank Council would answer such questions. Today we can be as bold as to say: We have no intention of altering the koruna's rate of exchange against freely convertible currencies. This year we also want to provide entrepreneurs with the security of a stable exchange rate.

A factual revaluation will take place—as it did last year—indirectly. One factor is the envisaged rise in prices and the population's income. A second is the gradual liberalization of the internal convertibility system. For example, last year we abolished in several stages the regulations on obligatory payment conditions for imports and the import surcharge on consumer goods declined. We have increased the limit on sales of foreign currency to citizens for this year and we envisage that the sale of foreign currency for imports and for small entrepreneurs will be relaxed. That is, foreign currency will cost the same, but it will be more readily available.

Financial Council Assesses 1991 Reform Results

AU1501112592 Prague CSTK in English 1933 GMT 13 Jan 92

[Text] Prague Jan 13 (CSTK)— The budgets of the Federal, Czech, and Slovak Governments were successfully managed in 1991 to further the goals of economic reform, the Czechoslovak Financial Council said today.

Inflation and the negative social effects of reforms were kept to minimum levels, and the necessary preconditions for transforming the economy were created, despite the fact that outside economic influences in 1991 were greater than was expected.

However, the Council criticized the budget deficits which were run up at the end of the year.

The Council recommended that governments improve regulation of expenditures vis-a-vis revenues and develop ways to collect information concerning budgets more quickly and efficiently.

The Council said it will complete a detailed analysis of the reasons for the failure of budget plans and will submit it to the federal and republic governments.

Government Recognizes Yugoslav Republics

EC Human Rights Met

LD1501213892 Budapest MTI in English 1820 GMT 15 Jan 92

[Text] Budapest, January 15 (MTI)—Hungary recognized the Republic of Croatia and the Republic of Slovenia, and established diplomatic ties with both of them today, a Foreign Ministry communique says.

Hungary's Consulate General in Zagreb is to become an embassy and another embassy will be opened in Ljubljana, the communique says.

Hungary recognized the republics because it concluded that the population of Croatia and Slovenia asserted its right to autonomy and sovereignty in a democratic way, through a referendum and by parliamentary decision.

The Hungarian Foreign Ministry will examine the possibility of establishing diplomatic ties with the other Yugoslav republics declaring sovereignty, the communique says. Making the decision, Hungary considered the Yugoslav republics seeking recognition have met the EC requirements set on 16 December 1991, including respect and guarantee for human and minority rights.

Hungary had urged for a peaceful solution to the Yugoslav crisis since its outbreak. Several times, it has declared readiness to accept any political solution the nations and nationalities affected agree upon, the communique says.

Past developments, however, have shown there is no chance for reconciliation between the nations of Yugoslavia, the Hungarian Foreign Ministry communique says.

It is in Hungary's interest to foster balanced and mutually advantageous neighbourly ties with all southern Slav republics, including the newly formed states and the Serbian Republic as well. However, first the human and minority rights of Croat, Slovene, Serb, Hungarian, and other ethnic minorities must be respected by all sides.

It is also essential for Hungary that the southern Slav states settle their relations, including the problem of succession, the communique says.

Re-establishing cooperation between the former states as quickly as possible will help contribute towards the regional peace and stability. Hungary is ready to give its full support to any moves contributing towards the regional stability, the communique says.

Antall on Republic's Recognition

LD1501211792 Budapest MTV Television Network in Hungarian 1900 GMT 15 Jan 92

[Text] We have just received the following telex news. [Prime Minister] Jozsef Antall gave this statement to MTI regarding Hungary's recognition of the independent Republics of Slovenia and Croatia:

The Hungarian Republic was particularly interested in settling the Yugoslav crisis in the past period, too. We voiced this endeavor at the highest level in a number of international forums—in the United Nations, in NATO, and in various EC forums. We did our best in order that the member republics and national minorities of Yugoslavia find a solution in the interest of a democratic and peaceful settlement.

The various Yugoslav nations and Hungarians have been living side by side for centuries, sometimes as friends, sometimes as enemies in past wars. However, it is our generation's duty to maintain good relations and to create a historic reconciliation with all our neighbors. The Hungarian Government is ready for this, the Hungarian Prime Minister's statement says.

Jesenszky Comments on Recognition

AU1601103192 Budapest MTI in English 2149 GMT 15 Jan 92

[Text] Budapest 15 Jan (MTI)—After Hungary recognized Croatia and Slovenia today, Hungarian Foreign Minister Geza Jeszenszky, currently in Turkey, was interviewed by Hungarian journalists.

To a question whether UN and EC economic restrictions and an arms delivery ban imposed on Yugoslavia become void after international recognition of Croatia and Slovenia, Jeszenszky said:

"European states have always applied trade restrictions selectively, and will go on doing so. As to the arms delivery ban, that falls under the scope of individual states. According to Hungarian law, it is forbidden to deliver arms to crisis regions.

"I sincerely hope the Serbian leadership will not retaliate against the Hungarian minority in the Vojvodina (region of Serbia) after Budapest's move", Jeszenszky replied to another question.

"The past few weeks have shown Serbia has adopted a more sober approach to several issues. I hope this will apply to the problem of the Vojvodina Hungarians, too. Hungary has on a number of occasions asserted and proved that it seeks to establish a good relationship with the Serb government, and will continue to do so in future as well. Therefore, there is no reason for antipathy to be felt against Hungary, the Hungarians and the Hungarian minority in the Vojvodina," Jeszenszky said.

Yugoslav 'Trilateral Committee' to Meet in Pecs

LD0701185992 Budapest MTI in English 1743 GMT 7 Jan 92

[Text] Budapest, January 7 (MTI)—The European Community on Tuesday formally asked the Hungarian Government to make it possible for the Yugoslavian 'Trilateral Committee', to hold a session in Pecs, southern Hungary, on Thursday, Hungarian foreign affairs spokesman Janos Herman told MTI.

The committee, composed of senior representatives of the EC observers mission, the Croatian Government and the Yugoslavian People's Army, is to discuss the implementation and verification of the ceasefire agreement in Yugoslavia.

The Hungarian Government responded favourably to the request, Hermann said.

Official on FIDESZ Policy, Prospects

AU0801124692 Budapest MAGYAR HIRLAP in Hungarian 4 Jan 92 p 9

[Interview with Istvan Hegedus, FIDESZ representative and deputy chairman of the Hungarian parliament's Foreign Affairs Committee, by Dezso Pinter; place and date not given: "One Should Avoid the Ambiguous Formulations"]

[Excerpts] "If an all-European security system does not emerge within a few years, this could lead to increased confidence on the part of those advocating a totally impossible clearly national defense force. They could demand more loudly the creation of a strong Hungarian army, but this—and think of the examples in our history—would have unpredictable consequences in this region"—Istvan Hegedus told MAGYAR HIRLAP. [passage omitted]

[Pinter] If the Alliance of Young Democrats [FIDESZ] has an independent foreign policy, does it also mean that it has a "foreign minister?"

[Hegedus] FIDESZ was the first among the parliamentary parties to come up with a booklet containing its foreign policy concept in May 1991. We do not have a "foreign minister" because the creation of a FIDESZ shadow government would not be fortunate in today's six-party system where everything could happen. In any case, I am in charge of coordinating the activity of FIDESZ deputies and experts dealing with foreign policy. [passage omitted]

[Pinter] What is the difference between the foreign policy of the liberal FIDESZ and that of the other liberal party, the Alliance of Free Democrats [SZDSZ]?

[Hegedus] One can only draw a forced difference between the two parties. More precisely, foreign policy is not the issue in which the difference between the two parties emerges most clearly. However, FIDESZ is perhaps less skeptical than the SZDSZ about the disintegration taking place in the neighboring countries. We are less desperate about what is going on in Central Europe. [passage omitted]

[Pinter] You think that the FIDESZ has a "positive scenario." Where do you seek allies for the implementation of this scenario?

[Hegedus] Among opposition members, but also in the coalition. We reject the world image of the depressed Hungarians waiting for their tragic destiny. Nor do we accept the concept according to which the national-ethnic conflicts reemerging in the neighboring countries would also sweep Hungary away sooner or later, and that we should conduct a foreign policy reminiscent of the distribution of powers in Europe between the two world wars in order to avoid such a development. [passage omitted]

The fact that, although the relations are still loose, we already have contacts with NATO, our government is coordinating its foreign policy steps with the EC, and Hungary is part of the CSCE process can be decisive from a psychological viewpoint and can make us feel that we have allies. As for those who might entertain ideas of aggression against Hungary, they must consider the fact that Hungary is not an isolated state but is engaged in politics jointly with strong military powers. However, if an all-European security system fails to emerge within a few years, this could lead to an increased confidence on the part of those advocating a totally impossible clearly national defense force. They could demand more loudly the creation of a strong Hungarian Army, but this could have unpredictable consequences in this region; think of the examples in our history. We can only guarantee Hungary's security by cooperating with international political and defense organizations.

[Pinter] You started a sentence before by saying the following: "Those who might entertain ideas of aggression against Hungary." Could you be more specific about the political forces, countries, or units you had mind?

[Hegedus] I do not think I can be more specific. However, I am well aware of the fact that there are political groups in the neighboring countries that are engaged in politics based on very strong nationalism, and it is impossible to deny these groups' anti-national minority or traditional anti-Hungarian trend. The question is whether the future elections and changes would be favorable to these forces. Avoiding any kind of cultural superiority, the Hungarian Government should find a cooperation style with the prevailing governments of the neighboring countries which would make it impossible for the nationalist forces in these countries to gain mass support in their accusations against the Hungarian government. Our government has made quite a few mistakes in the past one and a half years. [passage omitted]

[Pinter] The FIDESZ does not have close relations with the Hungarian Socialist Party [MSZP] and, also as the foreign minister of the previous government, Gyula Horn continues to be one of the most famous opposition politicians. What are your relations with Gyula Horn, the chairman of the Parliament's Foreign Affairs Department?

[Hegedus] Our relations are complex, but we have good personal relations. The government is clearly striving to limit Gyula Horn's scope for maneuver. [passage omitted]

Naturally, we have differences of opinion on politics with Gyula Horn. I recognize the reform role played by the Hungarian foreign policy prior to 1990, but that period was nevertheless characterized by Soviet domination. We also have different views about the national

minority policy of the Kadar era: Even if hundreds of thousands of Romanians did not disappear, as the nationalists in Bucharest claim, the policy of the Kadar era did not strengthen the identity of the national minorities in living in Hungary, either. [passage omitted]

Defense Officials Review New Army Reserves

AU1501161792 Budapest NEPSZAVA in Hungarian 9 Jan 92 p 5

[Report by correspondent identified as Szabo, including report on interviews with various defense officials: "A Semi-Military Public Organization?"]

[Text] An unusual association was set up recently, namely the National Association of Army Reserves. Smallholders' Deputy Gyorgy Balogh, chairman of the Parliament's Defense Committee is the chairman of the new association, and Colonel General Kalman Keri and Hungarian Democratic Forum Deputy Gabor Perjes, both members of the Defense Committee, are deputy chairmen of the new association.

We asked Gyorgy Balogh about the goals of the association. He told us that since the abolition of the Hungarian Defense Association there had been no public support for the army. He said that they envisaged a national organization that would gather the soldiers, commissioned officers, and officers in the reserves who think it is necessary for them voluntarily to contribute to increasing Hungary's defense readiness.

[Balogh] This would be a semi-military public organization whose members would participate in preserving traditional values, as well as in the public life of the professional and regular staff of the military organizations, and would support the activity of the army and represent its interests. Another important task of this new organization is to ensure its members' military training, because one who does not practice shooting will soon forget it. We would also like to establish new types of military education institutions where the professional staff would be instructed together with the reserve officers and commissioned officers following an identical curriculum, including practical training. We do not hide our intention to provide opportunities for our members to obtain full officer or noncommissioned officer training, alongside their civilian occupations.

[Szabo] You have just described the image of a military state. How many members do you think this new organization will have?

[Balogh] We do not have statistics about the number of reserves. Besides, we are not talking about a military state at all, because we do not even know how this organization will develop. I informed the heads of Hungary's 20 recruiting centers of this idea in December, and now it depends on them whether this national association will organize from below. I am now getting letters from the various counties one after the other. I am convinced that fostering military knowledge could lead to the ability to make use of the unorganized mass of reserves in combat.

[Szabo] We asked Lt. Colonel Dezso Varaljai, head of the Tolna County Recruiting Center, for his opinion about this new association.

[Varaljai] I heard the appeal to organize this association with mixed feelings. If this organization excludes the possibility of serving party interests, it could be very useful. In my opinion, it would be expedient also to involve the mayors of the various communities in this matter. Unfortunately, I also have reservations about all this because, while the former Hungarian Defense Association had money, a building, and everything else, the new association has nothing. Although I am not a legal expert, I think that we should wait for the new defense law. This whole thing is something premature, and I do not see its place from a legal point of view. What can the purpose of such a semi-military organization be?

[Szabo] Zoltan Muranyi, an expert in constitutional law, told us that there is no such thing as a semi- military organizational legally, because the army "cannot be privatized." Muranyi said that there were semi-military organizations in Hungary between the two world wars, organizations that carried out hidden military activity in the guise of a civilian organization. The Hungarian law also bans the use of police badges for the members of civil self defense groups.

Police Force To Be Established With Austria

AU1501152692 Budapest MAGYAR NEMZET in Hungarian 8 Jan 92 p 5

[Report by Jozsef Borsi: "Criminals Do Not Know Borders—Austrian-Hungarian Police Academy"]

[Excerpts] Criminals did not wait for the common European home of the politicians to be established because they have for some time been operating without "boundaries." Therefore, it is no accident that the need for European police cooperation has emerged from many sides and with increasing determination. The different national legal systems, the various levels of technical advancement, and different organizational structure all hinder the effective fight against international and organized crime. [passage omitted]

Out of the Central European countries outside the EC, Austria and Hungary made joint efforts to promote European police cooperation. These two countries are establishing a Hungarian-Austrian Europol Academy where training will soon commence.

The interior ministers of the two countries signed a statement in Budapest on 12 March 1991. This document contains a call for the establishment of direct European police cooperation and regards the training of police officers for this task as a prerequisite.

Basically, the agreements approach the establishment of European police cooperation in three stages. In the first stage, as an experiment, there will be joint Hungarian-Austrian training. The framework of training will be broadened in the second stage, and an independently operating police academy will be set up on the basis of multilateral agreement. The experiences accrued this way will help work out the actual police cooperation (European police with certain tasks, Europol) which is the final aim, when the staff that can be used more or less immediately exists.

Laszlo Korinek, chairman of the Interior Ministry Police Department, said that the West European and the Austrian-Hungarian initiatives are similar but that there are some considerable differences, too. One of the basic differences is that, in our case, cooperation has started in the form of postgraduate training. Another is that the plans of the Western cooperation point to an organizational structure that is established more intensely and faster. The drug unit to be established in 1992 could be just such an organization, which would operate as an organization assessing the data on international drug trafficking. East Europe's handicap in technology and information is so great that the difference can only be reduced by a program to catch up which is worked out in the form of an association agreement.

Independent Smallholders Remain in Coalition

AU1401112292 Budapest MTI in English 2000 GMT 11 Jan 92

[Text] Budapest, 11 January (MTI)—For the time being, the Independent Smallholders Party will stay in the government coalition (Hungarian Democratic Forum, Independent Smallholders Party, and Christian Democratic People's Party), it was decided by the party's national board session held in Budapest today with more than 500 delegates.

The national board voted to postpone the decision on abandoning the coalition until February 29 with a two-thirds majority. Meantime, the party's negotiating delegation will be seeking a written coalition agreement with the Hungarian Democratic Forum and the Christian Democratic People's Party. The resolution states that the government coalition in its present form is unacceptable to the Independent Smallholders Party. Should be smallholder demands be left unmet, the party will withdraw from the coalition, in accordance with the national board's decision.

The document also stipulates that only ministers and state secretaries delegated and confirmed in their post by the party can be regarded as smallholder ministers and state secretaries.

Speaking to journalists after the session, Party President Jozsef Torgyan said he would have quit the coalition right now, but reason dictates the holding of political talks.

Coalition Partners Comment

AU1401113492 Budapest MTI in English 2024 GMT 12 Jan 92

[Text] Budapest, 12 January (MTI)—In an interview with the Sunday evening political programme, "The Week," of Hungarian Television, Jozsef Antall, president of the Hungarian Democratic Forum, prime minister, and Laszlo Surjan, president of the Christian Democratic People's Party, minister of social welfare, commented on the Saturday decision of the national board of the Independent Smallholders Party to postpone the party's withdrawal from the coalition until February 29.

According to the resolution covered earlier, meantime the party's negotiation group will be seeking a written coalition agreement with the Hungarian Democratic Forum and the Christian Democratic People's Party. The document states that the government coalition in its present form is unacceptable to the Independent Smallholders Party. Should their demands be left unmet, the party will withdraw from the coalition.

In the TV interview, Jozsef Antall considered it impossible that the government coalition would break up as a result of the Saturday decision of the national board of the Independent Smallholders Party.

He said that on the one side the Independent Smallholders Party has to be reckoned with as a political party, and it would be good if it was reorganized in keeping with its historic value with the characteristics of a modern agrarian party. On the other hand, in a representative democracy and multi-party system political parties make their presence in Parliament through their deputies, so he as prime minister has to reckon with MPs in the first place.

Asked about the possibility of the coalition breaking up as a result of this, Antall said, "I see no such possibility. A great part of the smallholder MPs are sober-minded people aware of the importance of a stable government coalition For Hungary. I am convinced that Party President Jozsef Torgyan also knows he would dig his political grave if he went further on this road."

Laszlo Surjan, president of the Christian Democratic People's Party, referred to press statements revealing certain doubts about the legitimacy of this national board of the Independent Smallholders Party. (For example, the board session was not attended by the so-called G-33 of the party's parliamentary faction split in two.) Surjan pointed out that the board decision had produced a new situation in certain respects.

"The question so far has been how the three parties can cooperate more effectively within the coalition. Now I have heard from the reports that a new coalition agreement has to be signed. It should be examined with whom. Is there any point in concluding a new accord with a party which fiercely attacks its coalition partners in public, while speaking in the most polite manner at the talks. Such a duality is difficult to

handle, so I think it should be considered whether it is sensible to embark on talks of this kind," Laszlo Surjan said.

Parliament Passes Transforming Cooperatives Law

LD0701191892 Budapest MTI in English 1623 GMT 7 Jan 92

[Text] Budapest, January 7 (MTI)—A law regulating the transformation of cooperatives was passed by the Hungarian parliament today. During the session, MPs voted on nearly 350 amendments, accepting about 90 of them. The law defines the ways of cooperatives, transformation, giving detailed guidelines for organizational changes, cooperative statutes and the election of officials.

'Abject Poverty' Increasing in 1992

AU1501142392 Budapest NEPSZABADSAG in Hungarian 14 Jan 92 pp 1, 5

[Interview with Gyorgy Mezei, leader of the Ujpest Family Aid Center, by Sandor Rege; place and date not given: "Subsistence Level Will Go Above 10,000 Forints This Year—The Chances of Poverty"]

[Text] The middle class will continue to become poorer in 1992. Abject poverty is on the increase in the villages, too, and people are starting to drift toward the cities in increasing numbers. The illegal squatters will start to build shanty towns around the big cities. We interviewed Gyorgy Mezei on these issues and on the chances of poor people in 1992.

[Rege] Impoverishment seems to be unstoppable. What kind of situation did we inherit from 1991?

[Mezei] A good 60 percent of pensioners are living below subsistence level now. This alone is more than 1 million people. We add the almost 400,000 unemployed to this figure whose average monthly benefits are under 7,000 forints, which is also below subsistence level. Food processing factories have been exempted from paying the minimum wage of 8,000 forints because they said they could not afford it. This also affects a mass of 200,000 people. If we also add the fact that the unemployed and people on low wages have families then we can certainly say that more than 2 million people live below subsistence level.

[Rege] What are the prospects?

[Mezei] The maintenance costs of homes will increase sharply again in 1992. Their proportion within the cost of living was 15 percent in 1988 and now is over 21 percent. The increased costs will be tragic in the provinces and will not mainly affect people in Budapest, although the price rise of public utilities will be above inflation here, too. For example, sewer charges are eight forints in Budapest now, and they will be increased to 9.70 forints while, in the Borzsony, they cost 26 forints now and will probably be increased to 60 forints.

[Rege] What can people do to protect themselves against these things?

[Mezei] Impoverishment is accelerating partly because people can no longer make up for the missing earnings through self-exploitation in the second economy as they did before. Therefore, the active participants of the economy appear in the field of poverty policy. Previously, the other method of protection was to become indebted. People maintained their consumption level at the cost of becoming indebted. Now, because of the interests, this definitely leads to failure. As a matter of fact, credit in goods is replacing money credits. People are again becoming indebted at the grocer's and the greengrocer's. The third method is the limitation of consumption. The now ousted trade in the subways and the market by Polish traders offered some scope for this. Cheap products are the leaders in meat consumption. An additional sign is that child labor characteristic of classical capitalism has also appeared.

[Rege] What do you expect in 1992?

[mezei] It is certain that the subsistence level will rise above 10,000 forints. A growing proportion of the active participants of the economy are slipping below the subsistence level. Therefore, consumption will continue to decrease. The economic crisis will create an explosion in the number of impoverished people in the villages, and their migration to towns will increase. Wild settlements similar to shanty towns will appear. Arbitrary occupation of apartments was only a forerunner of this, and we were not able to adequately react to that, either. The Budapest campaign affecting the homeless also shows inability to adequately deal with the problem. The general meeting agreed to give them 1 million forints, and homes were set up in two places from this money between Christmas and the first days of January, but now these people will probably be thrown out. For two years now, it has been impossible to plan ahead instead of starting a campaign when a situation arises.

Labor Ministry: Unemployment Quadrupled in 1991

LD1401100792 Budapest MTI in English 1702 GMT 13 Jan 92

[Text] Budapest, January 13 (MTI-ECONEWS)—According to preliminary figures, unemployment in Hungary quadrupled in 1991 and stood at 400,000 at the end of December, 8.3 percent of the workforce, an official at the Employment Department of the Ministry of Labour told MTI today.

The three counties worst affected were Szabolcs-Szatmar-Bereg, in eastern Hungary, with 16.3 percent, Nograd, in northern Hungary, with 16 percent, and Borsod-Abauj-Zemplen, in eastern Hungary, with 13.8 percent.

The number of jobless is expected to grow to 700,000 by the end of this year.

Recognition of Slovenia, Croatia Announced

LD1501185892 Warsaw Radio Warszawa Network in Polish 1800 GMT 15 Jan 92

[Text] The Ministry of Foreign Affairs has announced that Poland has decided to recognize Croatia and Slovenia as states. At the same time, Poland attaches great importance to friendly relations with Yugoslavia, and unswervingly supports the efforts of the United Nations, (?CSCE), European Community, and the Helsinki Conference for the peaceful resolution of the crisis in Yugoslavia.

Bielecki Stands by Washington Remarks

LD1501223592 Warsaw PAP in English 1845 GMT 13 Jan 92

[Text] Warsaw, Jan. 13—Former Prime Minister Jan Krzysztof Bielecki is sticking to the gist of his speech to Polish journalists in Washington last week and claims that the comments of the government press spokesman on the matter were "clumsy".

According to last Friday's [10 January] RZECZPOSPOLITA, Bielecki had said that he was afraid of the petrification of communism in Poland and that the Olszewski government had conceded too much to the immediate wishes of the public, neglecting the economic changes necessary for building the future.

The government spokesman, Marcin Gugulski, announced a day later that these views "awaken amazement and the greatest unease, since they present the situation in Poland in an unfavourable light and at odds with the facts". He added that he expected that Bielecki would present to public opinion the motives for his statements.

On Monday [13 January] Bielecki told PAP that he had not been judging the governments activity until now because it had not yet presented its programme. He said he had been talking about the basic problem facing Poland today.

"This problem is: are we in favour of the past or the future" explained Bielecki and added that if the process of change was halted then "we will be building a state of the past based, naturally, on the laws of the communist economy and the often still communised social structures".

Bielecki gave as an example the question of cheap energy which had led to the development of energy intensive technology. Bielecki emphasised that he had often repeated this idea about breaking with the past and was amazed at Gugulskis statement.

"The spokesman does not represent public opinion, only the views of the government. I would not have been surprised if journalists had asked about the motives of my statements. But when the government spokesman does this, citing public opinion, then it is a kind of clumsiness. However I do not want to conduct a debate on the matter", said Bielecki.

New MiG-29 Fighter Planes on Combat Duty

LD1501162992 Warsaw PAP in English 2140 GMT 14 Jan 92

[Text] Warsaw, Jan. 14—New Soviet-made MiG-29 fighter planes started Monday combat duty in the First Air Force Regiment in Minsk Mazowiecki, central Poland, after worn-out MiG 21 had been withdrawn from service, Polish Air Force spokesman Capt. Eugeniusz Mleczak reported Tuesday [14 January].

The new fighter planes were purchased by Poland in June 1989 while pilots and ground personnel have been given intensive professional training ever since.

Walesa Denies Responsibility for Current Crisis

LD1501233792 Warsaw PAP in English 2117 GMT 14 Jan 92

[Text] Warsaw, Jan. 14—President Walesa has rejected responsibility for the situation in Poland by claiming he is prevented from doing anything about it.

The president told a PAP journalist on Tuesday [14 January], "I am blamed for everything, but at the same time I cannot do anything: I am operating in a legal framework and democratic structures—this is not a dictatorship nor is it totalitarianism."

Walesa also advised the government to return to what he calls his programme.

His programme, which involved speedy and widespread privatisation, "repairing" the law and mastering unemployment "has been realised in part, with little social involvement—I would advise a return to it," he said.

Walesa also said he counted on the assistance of society—dissatified like himself with the manner in which Poland's problems were being solved—in the implementation of his programme. "I was right. Even the most excellent people, the president included, will not realize the necessary things without pressure and support," he stressed referring to the present wave of strikes in Poland.

The president once again expressed his conviction that more people having practical experience in steering the state and enterprises should be present in the government since the two former Polish cabinets were "intellectually strong and comprised many professors but failed to solve our problems."

Walesa said further that his greatest success so far had been the free parliamentary elections which "put the political scene in order" and "made Poland's situation normal". "The greatest defeat was the low turnout," he added. "We failed to explain to society that by ignoring elections it diminished the chances for realization of the best programmes by the best people," Walesa stressed.

"I am not a supergovernment," the president said when explaining why he so seldom uses his powers of legislative initiative. "When I see a problem I can and should help in overcoming it but concrete work must be done by institutions appointed to do it," he stated.

Defending his decision to support president of the former USSR Mikhail Gorbachev "till the very end" President Walesa said he "did what was possible and necessary under the given circumstances" and recalled he was the first among politicans to state a long time ago that "the only solution for the Soviet Union was its dissolution and organization according to new principles."

Evaluating Gorbachev's role Walesa used a rhetorical question: "Would you or I be here had it not been for our forefathers?"

Solidarity-80 Starts Protest Over Price Hikes

LD1601132192 Warsaw PAP in English 1209 GMT 16 Jan 92

[Text] Szczecin, Jan. 16—Solidarity-80 started a protest intended to draw the government's attention to a tragic situation of the working people and their growing anxiety over the recent heat and electricity price hikes. The scale of the protest is reported to be wider than expected.

Solidarity-80 of the Sieradz region (central Poland) was the first to protest by blocking the town's bypass roads for one hour at 9 A.M.

Olszewski Says Protests Not Aimed at Program

LD1501231992 Warsaw PAP in English 1710 GMT 15 Jan 92

[Text] Warsaw, Jan. 15—Prime Minister Olszewski does not think that Monday's [13 January] protest by Solidarity, nor the ones by other trade unions due on Thursday 16 January], are aimed at his government's programme.

Prime Minister Jan Olszewski told a meeting of provincial leaders on Wednesday [15 January] that the actions are understoood by the government as being a way of blocking the economic policies carried out until now. He said that the government was quite clear about the mistakes of those policies, and that they needed to be changed.

"We are already working at the limits of social endurance of many groups of workers, many groups of people. This has to be born in mind both by the government and by all the organs of the administration. [no closing quotation marks as received]

Olszewski Stresses 'Broad Social Consensus'

LD1501233192 Warsaw TVP Television Network in Polish 1050 GMT 15 Jan 92

[Text] The necessity to win a broad social consensus enabling Poland to survive the crisis: This was the main theme of Prime Minister Jan Olszewski's address which began a meeting of voivodas in the Council of Ministers Office. We will not act as if we were a government of one or several parties, but first and foremost in the interests of the state, said Jan Olszewski, recommending the application of a similar principle to voivodas.

The prime minister let it be known that the government has already made an offer to the NSZZ Solidarity [Independent Self-Governing Trade Union] to begin negotiations on the subject of the government's social actions. The remaining trade unions will also receive such proposals.

Jan Olszewski announced that a report on the state of the country will be made at the beginning of February, and the guidelines for social and economic policies will be presented in the middle of next month.

PDAR Holds News Briefing on Electoral Issues

AU1501060092 Bucharest ROMPRES in English 1955 GMT 14 Jan 92

[Text] Bucharest, ROMPRES, 14/1/1992—The Steering Committee of the Agrarian Democratic Party of Romania (PDAR) held a press conference in the capital city on Tuesday [14 January]. PDAR President Victor Surdu's opening address and answers to the journalists' questions referred to multifarious aspects of his party's actions in the election campaign, its organizational structure, its membership and quality, the main elements of its strategy, the way in which it contemplates, according to studies, the country's socioeconomic recovery, more particularly agro-economy and rural development as part of the Romanian Society's transition to an authentic market economy.

Stress was laid on the fact that the PDAR had candidates for the office of mayor in 61 per cent of the country's localities and complete lists of advisers for more than 70 per cent of then. The party's leading slogan in local elections is "the best administrators should actually well administer the country's villages and towns."

Questions were also approached regarding the errors in the country's government after the revolution, the PDAR's separation from the Charter for Reform and Democracy, the erroneous application of the land law, the big problems facing agriculture before spring, the idea being advanced that, no matter wherefrom it may be supported, this branch must be powerfully financed. As a matter of fact, emphasis was placed on the PDAR's actions to assist agriculture at all levels and, implicitly, socially protect the population, starting from the truth that agriculture can and must be a means for the country's way out of the crisis.

Government, Trade Union Members Hold Talks

AU1501060392 Bucharest ROMPRES in English 1823 GMT 14 Jan 92

[Text] Bucharest, ROMPRES, 14/1/1992—On Tuesday, January 14 the Victoria Palace hosted the negotiations between the government and the Trade Union Confederations belonging to the Joint Government-Trade Unions Commission in connection with the establishment of the minimum salary in the economy.

The ROMPRES national news agency was sent a communique on behalf of the government's special representative in the relations with the trade unions and the Employers' Association according to which, during the meeting the talks continued on the level of the minimum salary in the economy in 1992, the proposals made by the Trade Union Confederations concerning the minimum salary were to be presented to the government.

Further the representatives of the Trade Union Confederations and of the Employers' Association, appointed in keeping with the law by Romania's Chamber of Commerce and Industry, began to negotiate the national collective work contract for 1992. The negotiation was made in the presence of the representatives of the Ministry of Labor and Social Protection and of Romania's Chamber of Commerce and Industry. It was agreed that the negotiation of the contract be continued at the Government's Headquarters the following days.

Alfa Cartel Spokesman on Government Relations

92BA0336C Bucharest DIMINEATA in Romanian 18 Dec 91 p 5

[Interview with Dan Mocanescu, spokesman for the Alfa Trade Union Cartel, by Al Boariu; place and date not given: "We Have Reason To Adopt a Constructive Position"]

[Text] [Boariu] Mr. Dan Mocanescu, it seems that recently relations between trade unions and employers have improved somewhat. What is the position of the Alfa Cartel toward the government?

[Mocanescu] We believe that at this time there exist sufficient reasons for the trade unions to adopt a constructive position toward the government. The reasons are determined by domestic needs, among which I will mention the need to relaunch the production, which is an obligatory condition for supporting the measures adopted by the government in the process of transition, and the need to achieve an appropriate climate for the forthcoming elections, free of political and social convulsions. On the other hand, there are also external reasons that we cannot ignore, especially since we, the Alfa Cartel, are affiliated with the World Confederation of Labor. Thus, potential foreign investors need certain guarantees as to economic stability, which include the establishment of stable and clear labor relations based on firm contracts between trade unions and employers.

[Boariu] Together with Fratia [Brotherhood] and CNSLR [National Confederation of Free Romanian Trade Unions], the Alfa Cartel belongs to the National Consultative Council of Romanian Trade Unions [CNCSR], which negotiates directly with government representatives on matters regarding trade union interests at the national level. What is the status of those negotiations?

[Mocanescu] Negotiations are under way these days between experts on both sides on the pay system for 1992. A fairly advanced stage has been reached. The sides are discussing solutions for ensuring a greater flexibility in estimating individual salaries, without taxation constraints. The CNCSR demands balanced funds according to professional branches—currently there are great discrepancies even within the same profession—and maintaining the purchase power of the wage earners to a constant index of 0.80 of the price increase index.

[Boariu] Will all Romanian wage earners benefit from the agreements you will achieve in the negotiations with

the government, or only those who are members of one of the three trade union centrals that make up the CNCSR?

[Mocanescu] The provisions of the national contract we will sign will have repercussions on wage earners belonging to the three centrals and on all the others who accept the provisions of the contract, regardless of whether they are trade union members or not. The contracts will be guaranteed by a government decision and will become the law regarding labor relations in our country.

[Boariu] All right, but negotiations are being held in parallel between other trade union organizations and government representatives in the so-called joint government-trade unions commission. What are they discussing and who will be affected by it?

[Mocanescu] I don't know what they are discussing. We pulled out of that commission, where the perimeter of the discussions was limited. In fact, the CNCSR was formed precisely because of that reason. However, the CNCSR is open to all legally formed trade union organizations that are represented at a national level. For example, recently the National Trade Union Bloc decided to join us in the negotiations between the CNCSR and the government.

[Boariu] The Alfa Cartel also has representatives in the National Convention for the Management of Trade Union Assets. What do you think about the manner in which these assets were and continue to be managed?

[Mocanescu] The situation of the assets is extremely serious. Both money and material resources have deteriorated and continue to deteriorate; the money has lost much of its value and the investments started will require enormous amounts of money to be completed. We're talking billions of lei a year. What I can tell you is that we must urgently find a solution for the management of these assets, which belong to everyone. These are national assets, and some day someone will call those responsible to account for their destruction.

Government Meeting Views Salary, Energy Issues

AU1501201192 Bucharest ROMPRES in English 1840 GMT 15 Jan 92

[Text] Bucharest, ROMPRES, 15/1/1992—Romania's Government held its weekly session on Wednesday [15 January] under the chairmanship of Prime Minister Theodor Stolojan.

In opening the session the prime minister referred to the conclusions reached after more-than-two-week negotiations with trade unions on the setting of the minimal salary per economy. He stated the trade unions' proposals were considered very seriously. During the negotiations a number of constructive questions were approached like the collective labor contract and the improvement of the incomes and protection system policy so as to fight growing inflation. The prime minister said a deadlock was reached during the discussions with trade union representatives when certain confederations suggested that the minimal salary per economy should amount to 24,000 lei or so. Mr. Stolojan underlined that, in consideration of the analyses made at ministries, the acceptance of such a measure would lead to extremely high prices, to the depreciation of the national currency and a budget deficit of nearly 1,000 billion lei. In such conditions the government would no longer be able to pay for the price difference with electric power, transport, rents and certain basic foodstuffs. As a matter of fact, said Mr. Stolojan, the fundamental problem is that of higher wages but we should raise them only through indexation a practice also used by other countries in applying their economic policy.

Next, the minister of industry, Dan Constantinescu, read an account of the talks in the Jiu Valley on Tuesday with representatives of the Pit-Coal Public Corporation and of trade unions.

The government's session agenda also included an account of the energy situation, another regarding the way in which the state and commercial banks took over the losses registered in 1989 and 1990 by state-run economic agents as well as the non-performed banking credits, and an account regarding the PHARE economic assistance programme over 1991-1992. The government members were given several draft normative acts for study and possible remarks like, for instance, the bills regarding the president's election and the election of the Assembly of Deputies and the Senate.

FSN Senator on Roman Government 'Corruption'

AU1501093292 Bucharest CURIERUL NATIONAL in Romanian 10 Jan 92 p 1

[Interview with National Salvation Front Senator Doru Taracila by Madalina Firanescu; place and date not given: "The Roman Government Has Bankrupt the Economy"]

[Text] [Firanescu] Mr. Taracila, are you still a National Salvation Front [FSN] senator?

[Taracila] I was, am, and hope to stay alongside the true Front people, regardless of decisions made behind closed doors. As far as I am concerned, in the past two years I first strove to make politics in accordance with the law and second to implement the Front's policy. However, I have noticed of late that the political game is no longer conducted publicly and that personal interests are taking priority.

[Firanescu] What made you sign the appeal of the 56 senators, also known under the name of the "Vacaru letter?"

[Taracila] I find the political situation within the Front quite ambiguous, and welcomed Mr. Roman's desire to make certain ideological clarifications. As a lawyer, I can

only be pro-reform; however, I am not prepared to overlook the fact that the government has failed to find effective social protection measures and has come up with mere substitutes. The senators' appeal was for the Front's unity and to establish real political strategies in the current conditions of governing.

[Firanescu] You were also one of the initiators in setting up the special commission of enquiry into abuses committed during the Roman government.

[Taracila] This is true. The Roman government, aside from its positive elements, has also drawn a lot of criticism from both the press and citizens in connection with our economic bankruptcy and generalized corruption. I believe it is the Parliament's duty to establish the truth about the so-called deals of the immediately post-revolutionary period.

[Firanescu] This action was interpreted as being exclusively directed against the FSN national leader. What repercussions did it have on your activity?

[Taracila] The opportunists and the guilty ones closed ranks and labeled our action as anti-Roman, although it is actually directed against the phenomenon of corruption. At a local level, my position, as well as that of my colleague, Ion Neagu, was interpreted as anti-FSN and an attempt was made to exclude us from the FSN. I have recently learned that a discussion I had with the Calarasi County prefect three days ago was distorted and presented as an attack against his person and authority.

Regarding the alleged exclusion from the Front, it was supported by three people: deputy Nicolae Taut, president of the local organization, deputy Ion Damian, and Professor Radulescu, who should have no place in a party claiming to be a party of incorruptibles. The very contesting of our FSN membership was in contradiction with the FSN statute, which provides for strict norms in applying sanctions against a parliamentarian. Personally, I do not claim any special rights in the Front and in the future I only want to practice my profession as a lawyer.

[Firanescu] Does it mean that you will no longer run in the next general elections, not even as an independent?

[Taracila] My present mood makes me say no!

Daily Explains Reasons for Split Within FSN

AU1401134792 Bucharest ROMANIA LIBERA in Romanian 7 Jan 92 p 2

[Daniel Uncu article: "National Salvation Front: A False Conflict Between Reformers and Conservatives?"]

[Text] Many people wonder what is the point of the Iliescu-Roman conflict or whether the conflict actually exists. One must admit that there are different opinions about the speed of the application of reform, to which one should add the clearly enunciated desire of the National Salvation Front [FSN] National Leader Petre Roman to "cleanse" the party and to no longer admit former Romanian Communist Party activists on the Front's electoral lists. Contrary to expectations, the truth of these hypotheses is as relative as the former prime minister's desire to resort to a massive purge for purely anticommunist reasons... Let us try to picture one of the possible causes of the start of the present conflict.

It seems that last spring, some "personal files" of FSN parliamentarians appeared on Mr. Barladeanu's [Senate President Academician Alexandru Barladeanu] desk; they were some kind of dossiers containing assessments about the stance of the respective individuals toward the Front's leadership. The academician demanded to know who was still interested in producing such Securitate-like files? Mr. Roman swore that he is innocent and not guilty, and the whole issue died down. However, after a while it became known that a Department of Social and Political Structures led by Mr. Dorel Sandor operated within the Roman cabinet; this department, which, by the way, is still functioning now, dealt with such obscure matters. Then the scandal broke! This hotbed of scandal was exacerbated by the discontent caused by the introduction, at the latest FSN national convention, of the concept of "rightful members" of the FSN Executive Bureau, a concept that assured Mr. Roman the right to impose 15 people—from his own entourage, as it was only natural—without having to submit their endorsement to the vote. Everything ended up in booing and whistling. However, Petre Roman did not give in to this scandal, either.

Now, that he is no longer prime minister, the discontented ones or those whose combative spirit could not be stilled through some material incentives deemed it fit to question the legitimacy of the Executive Bureau, which contains Mr. Roman's 15 "chosen" people. Moreover, the national leader's initiative in this respect is labeled by the "conservatives" as contrary to statute provisions.

Generally speaking, this is the essence of the conflict. One can categorically assert that Mr. Roman's constant attempts to eschew the vote of the Steering Collegium or to impose certain decisions denote his lack of trust in certain members of his party. We do not know whether this mistrust derives from his conviction that these people are "leftists" or from his desire to lead in a "despotic and authoritarian" manner. What we know is that the legitimacy of the Executive Bureau will not be questioned for now, at least not until next March, when the FSN national convention will be held.

Munteanu's 'Arrogant' Personality Criticized

92BA0336A Bucharest BARICADA in Romanian 24 Dec 91 p 5

[Unattributed article: "The Movement for Romania: Diversion, or New Political Alternative?"]

[Text] Some time ago, the magazine TINERAMA showed a surprising premonition by giving the following,

rather imperative title to an unassuming little article: "A Political Party for Marian Munteanu."

The party in question emerged at the beginning of December last year, was called the Movement for Romania [MPR], and had as leader the former chairman of the League of Students; on 14 December it held its first press conference at the Sutu Palace.

He was accomanied by two young men, a diaphanous damzel with the title of secretary, and a youth whose behavior and physique reminded us of the strange Kirilov in Dostoevsky's novel *The Possessed.* Mr. Marian Munteanu opened the press conference with the ease of an experienced politician, and after a terse expose he bared himself to the merciless fire of the press.

In this article we will attempt to familiarize the readers with the doctrine of this party, its objectives, and especially its place in the Romanian political spectrum. As far as we understood, the doctrine of this movement, whose ambition it is to very soon become a political party, is national-democracy. Subtly and cleverly noting that currently in Romania one cannot seriously speak of left, center, or right parties, because those concepts have been stripped of meaning and relevance, Mr. Munteanu chose to use the European terminology and thereby resolutely shift his party into the right-wing zone.

"Right-right, not center-right," Mr. Munteanu said, not leaving any room for ambiguity.

Mainly, the "future party intends to represent the forgotten and trivialized young people of this country, whose only option, because of the present socioeconomic situation, is the dramatic solution of mass emigration." That being the situation, the principal purpose of the MPR is to stage political actions truly representing the Romanian youth on the present political "chessboard." That will not serve to break the youth away from the social body, but to more justly and fairly reintegrate it in that body.

Mr. Marian Munteanu believes that the only viable solution for the present situation in Romania can be a national-democratic ideology, which is the doctrine of this movement. In Mr. Munteanu's interpretation of it, national-democracy is a modern return to Romanian pholosophical precepts that emerged in the past century and were practiced at the beginning of our century without notable results because of the inadequate conditions available for them at that time.

The precursor of that movement was Mihail Eminescu, the politician. Also Nicolae Iorga, who even established a party by that name, and in the most recent times, Nae Ionescu and Petre Tutea. The Christian-Orthodox origin of national-democracy is obvious, inspired as it was by the extensive tolerance that accompanied that religion along the centuries. Unwilling to suffer any kind of humiliation at the hands of town halls, the MPR headquarters is for the time being housed in two rooms of an apartment. Similarly, according to its leader's statements, the MPR will never accept any money or conditional donations from anyone. That being the case, we do not quite see how the party plans to bring out a publication in January whose name is to be THE MOVEMENT. The new party will not participate in local elections, but it will run in the general elections, possibly entering a cartel with joint lists. The MPR will in no way attempt to agrandize our nation at the expense of others; similarly, its program stipulates that intervening in any way in interreligious affairs is not among its competences.

In broad lines, that's about it for this political organization, which promises to be a redoubtable one in view of the youth of its members and its aluring ideology.

Much of the press conference dealt directly with the controversial person of its leader and the strange appearance of the movement simultaneously with the electoral campaign.

Asked whether he was a Securitate informer, Mr. Munteanu reiterated his statements on other occasions, denying, with many a superior smile, any collaboration with the accused institution. In elucidating this sensitive issue, Mr. Munteanu demanded to be shown evidence, not abject slander. The journalists' suspicions ranged between questions regarding the possible connection of the movement to a Masonic lodge led by Alexandru Paleologu, to it being possibly financed by the Securitate-linked billionaire Iosif Constantin Dragan. Naturally, suspicions of neolegionnairism [Iron Guards] were not absent, nor of the possibility that the new party may in fact be part of a larger scenario staged by the regime in order to confuse the electorate and thus annihilate the opposition in the forthcoming electoral campaign.

Mr. Marian Munteanu came up with more or less credible answers to those questions, but his irritation became visible when he was asked whether it was true that he had been a party member and an organization secretary. Those questions revealed an arrogant, impertinent Marian Munteanu, who claimed that he did not need to account to anyone for his actions, especially considering that the actions in question concerned primarily the good of the country in the given conditions and that that could not have been promoted other than by participation in decisionmaking structures. Using the old slogans, Mr. Marian Munteanu evinced a surprising and damnable political immaturity which, unless checked in time, can in the final analysis only serve to detract from the credibility of his endeavors both within this young political party and outside it.

Another question left without a convincing answer concerned the motives for Mr. Munteanu's election as leader.

So much about the new political movement, its doctrine, and the leader who wants to assert it. Time will undoubtedly provide the right answer to the many persisting

questions and verify whether or not we are dealing with a grand diversion or a new, credible and necessary political alternative.

Mazilu Backs Investigation of Referendum, Results

92BA0336B Bucharest BARICADA in Romanian 24 Dec 91 p 4

[Article by Dumitru Mazilu: "The Revolution, the Power, and the Referendum"]

[Text] Mircea Vulcanescu called attention to the fact that "Romanians live by resignation and create in desperation." In December 1989, when the people of Timisoara rebelled against the communist tyranny, the outer limits of endurance had long been exceeded. Romanians had come to the point of desperation....

When at the Palace Square meeting the people of Bucharest rejected the tyrant, they were not merely shouting out their desperation, but at the same time regaining their dignity that had been denied them for 45 years. Romanians were standing up again. They could no longer endure to stay on their knees. They were repudiating the condition of slaves reserved for them by the totalitarian regime.

Hopes of freedom had sprouted in our souls. The tyrants' flight restored our faith in our own force. We understood that the power belonged to the people of the country, not to the oppressors. In December 1989 Romanians regained their right to say no to those who were threatening, terrorizing, and repressing them....

At the time we thought that we would no longer be deceived and that our life would follow the normal course known in all the civilized countries of the world.

Soon, however, perhaps all too soon, we discovered that that was not to be....

On 20 May 1990, on that Sunday of the blind, after countless FSN [National Salvation Front] promises that even in those days it was easy to see could never be fulfilled, instead of saying no to those who were once again lying to us, we said yes; we lived to regret it, but it was too late....

On 8 December 1991 we were asked to say yes to the FSN Constitution. This time the number of those who opposed it was far larger. Hundreds of thousands, millions of people realized the game into which they were being dragged. We were once again asked to say yes not only to the FSN Constitution, but also to the FSN policy, bankrupt as it is in many respects. We were asked to say yes to a form of state imposed by the sole party; we were asked to say yes to a selective compilation of texts taken from other constitutions and international treaties and agreements that refuse to guarantee our property, do not stipulate the separation of powers in the state, violate the proclamation of the Romanian revolution, and simply neutralize our right to amend the Constitution....

This time, however, many Romanians felt and even grasped the trap laid to catch them. They decided to say no to that constitution of the sole party; they decided to say no to undemocratic political alternatives and to totalitarian methods and practices. The power put its bet on a massive vote in favor of the Constitution that the FSN Parliament had passed. The power took a risk by organizing the referendum. It relied on the apparatus that was capable of producing—be it even with the aid of computers—data and figures to the advantage of those who stole our revolution. The experience of 45 years of totalitarianism was once again having its say. However, the outcome was not the expected one, because this December, after two years of great disappointments since the Romanian revolution, we did our own reckoning. And while we may not have the certitude provided by indubitable proof that we are once again being lied to, we have sufficient data leading to such a conclusion.

Because it is difficult to believe that 1.4 million people disappeared since May 1990. Even if more people died than in the past and more people fled than in the past, escaping into the wide world because of so much FSN happiness, the figure still seems too high. We wonder why it was not mentioned in Parliament how many people were registered on the electoral lists? As is known, regarding the figures that the power condescended to show us, the result of the referendum would not have been to its satisfaction, because 53 percent is not a convincing percentage when it comes to a fundamental law which should earn a qualified majority, even if the FSN law envisaged otherwise.

In view of the fact that we have regained our right to say no, we disapprove not only of the FSN Constitution, but also of the practices it is using to force it on us. That is why we support the decision of the National Committee of the Country's Assembly to form a civic commission to examine the concealed mechanisms of that referendum. The result may help us better understand the importance of exercising our right to say no to those political choices that are not and cannot be our choices!

International

EC Arbitrators Address Minority Questions

LD1501230792 Belgrade TANJUG in English 1741 GMT 15 Jan 92

[Text] Belgrade, Jan 15 (TANJUG)—The Arbitration Commission of the Conference on Yugoslavia assessed that the republics of Bosnia-Hercegovina and Croatia must secure "members of the Serbian minorities and ethnic groups" all human rights and basic freedoms acknowledged by international law, "including the right to choose their citizenship".

The above is set out in the Arbitration Commission's response to the Republic of Serbia which asked it whether the Serbian people in Croatia and Bosnia-Hercegovina could exercise the right to self-determination. Under the valid Yugoslav Constitution, Serbs are one of the six constitutive nations in Yugoslavia, but the authorities in the secessionist Republic of Croatia, which won the multi-party elections in 1990, proclaimed the Serbs living there a national minority.

The Serbian people living in Bosnia-Hercegovina are opposed to the disintegration of Yugoslavia and on January 9 proclaimed their republic within the administrative borders of Bosnia-Hercegovina, because the representatives of Muslims and Croats in the republican government had previously, without the Serbs' approval, requested of the E.C. to recognize this federal unit as an independent state.

Under the Bosnia-Hercegovina Constitution, decisions which pertaining to the Republic's future can be adopted only by consensus of all three constitutive peoples—the Muslims (43.77 percent), the Serbs (31.46 percent) and the Croats (17.34 percent).

The Arbitration Commission gave a positive answer to Serbia's question whether administrative borders between Croatia and Serbia, on the one hand, and Serbia and Bosnia-Hercegovina, on the other, could be accepted from the standpoint of international public law.

"These borders acquire the character of borders protected by international law in the case of gaining independence and can be altered only in a free, mutual agreement", the Arbitration Commission answers. The internal, administrative borders between the Yugoslav republics were drawn by the country's Communist authorities after World War Two.

Federal

FEC Expresses 'Regret' Over EC Recognition

LD1501161892 Belgrade TANJUG Domestic Service in Serbo-Croatian 1442 GMT 15 Jan 92

[Text] Belgrade, 15 Jan (TANJUG)—During its session today, chaired by Aleksandar Mirkovic, the Federal Executive Council (FEC) received with regret the information that EC countries and some other countries are about to recognize the independence of individual Yugoslav republics, the FEC Secretariat for Information has announced.

This step—as has been stressed by the Yugoslav side on several occasions—runs counter to the sovereign rights of Yugoslavia, which stem from basic present international legal documents. It also is at odds with the European Community position that the problem of recognition should be treated within the framework of a comprehensive solution of the Yugoslav crisis and also within the framework of UN Security Council Resolutions 713, 721, and 724, which appeal to all countries to refrain from actions that may contribute to heightened tension.

The FEC believes that all these steps by individual countries cannot prejudge the final outcome of the solution of the Yugoslav crisis, in which both the UN and the Conference on Yugoslavia are involved under the aegis of the EC.

An agreement on future relations in the areas within the internationally recognized Yugoslav borders is still to be completed in the context of these processes. Until that decision has been made the FEC—in the light of realistic possibilities—will discharge its constitutional functions, including those in the area of international relations, especially in order to secure the continuity of international cooperation and the protection of the interests of our country, peoples, and citizens.

Until a mutually agreed solution of the problems of succession and of the division of rights and material property that belong to the SFRY state has been achieved, any arbitrary attempt to abrogate these rights and property amounts to an illegal and violent [nasilan] usurpation with appropriate consequences.

The FEC discussed a report on the arrival of a UN observer mission and came to the conclusion that its presence in our country would be of exceptional importance in the efforts to send UN peacekeeping forces to the crisis areas. Competent federal bodies have been given the task to take all necessary measures to ensure the UN officers' safety.

At its session today, the FEC also considered proposals for immediate activities and measures to implement a macroeconomic policy. These include measures to revitalize the economic system and secure a free flow of goods in all areas of the existing single economic territory and to restore links in the sphere of economic infrastructure. The aim is to arrest any further decline in production and to remove disruptions in economic trends, thus creating conditions for more effective measures to help the recovery and the consolidation of the economy and to encourage economic growth once the crisis is resolved and an agreement has been reached on the country's future.

The FEC has also envisaged measures to rationalize federal administration expenditures, to make administration more efficient and, to this end, to radically cut the number of people employed by federal bodies. Measures will also be taken to protect the federation's property and to ensure its more rational management. To this end, the FEC today set in motion an initiative for talks with the republic governments, to coordinate activities of immediate importance for the development and the functioning of the economy during the transitional period, until a final political agreement has been reached on the country's fate.

Kostic: EC Recognition 'Destroyed' UN Charter

LD1601122192 Belgrade TANJUG Domestic Service in Serbo-Croatian 1045 GMT 16 Jan 92

[Text] Belgrade, 16 Jan (TANJUG)—Dr. Branko Kostic, vice president of the SFRY Presidency, said today that the EC's decision to recognize Croatia and Slovenia has brutally destroyed the basic principles of the UN Charter, the CSCE, and the Paris Charter.

By its decision, the EC has demonstrated that what was already present to a considerable degree on the European scene is now obtaining formal confirmation, Dr. Kostic said, greeting participants of a symposium organized by the "Yugoslav University of Democracy."

"Instead of a rule of law and respect for international norms and principles, room is being made for the use of force and political and partial [parcijalni] interests," Dr. Kostic said. "Europe's evasion of its responsibilities is unpleasantly reminiscent of Europe's evasion of its responsibilities 50 years ago," the vice president of the state Presidency said, expressing hope that the consequences will not be as disastrous as they were then.

Also today, Dr. Kostic expressed his conviction that the authority of the Security Council and of the United Nations, as well as the deployment of peacekeeping forces in the area of the Republic of Serbian Krajina will be the best guarantee for the security of the Serbian people in this region.

Court Declares Croatian Secession Unconstitutional

LD1501163292 Belgrade TANJUG in English 1302 GMT 15 Jan 92

[Text] Belgrade, January 15 (TANJUG)—The Constitutional Court of Yugoslavia on Wednesday assessed as unconstitutional the decision of the parliament of the Yugoslav secessionist Republic of Croatia on severing the state and legal links with Yugoslavia and the 36 Croatian laws suspending federal legislation. Among the 36 laws are also the regulation on the passports of Croatian citizens and on the movement and stay of foreigners.

With this decision, the Constitutional Court of Yugoslavia completed the job on assessing constitutionality of the entire package of 61 Croatian laws, the examination of which was requested by the federal government.

Suspends 28 Croatian Laws

LD1501162592 Belgrade TANJUG in English 1310 14 Jan 92

[Text] Belgrade, January 14 (TANJUG)—The Constitutional Court of Yugoslavia today assessed as unconstitutional 28 laws adopted by the parliament of the secessionist Republic of Croatia.

These laws suspended federal laws in keeping with the republic's decision on independence, such as the law on citizenship, a number of customs regulations, the law on Croatia's social accountancy service. Other regulations assessed as unconstitutional are those which do not conform with the federal legislation, including laws dealing with the Army, financing and power supply.

Even Croatia's law on taking over federal legislation dealing with trade, market and prices was assessed as unconstitutional since they now fall under republican jurisdiction. The Constitutional Court of Yugoslavia today only discussed some Croatian laws, and will deal with another 37 tomorrow.

The initiative to evaluate the constitutionality of a package of laws adopted by the Croatian parliament was launched by the Yugoslav Government.

Federal State Still Responsible for Air Space

LD1601150292 Belgrade TANJUG in English 1247 GMT 16 Jan 92

[By Mile Lokas]

[Text] Belgrade Jan 16 (TANJUG)—The federal state is exclusively the guarantor of safety in the Yugoslav air space to the International Civil Aviation Organization (ICAO), TANJUG was told in the Federal Secretariat for Transport and Communications in Belgrade today.

Yugoslavia, on the basis of documents of the United Nations and ICAO, is still responsible for safety in the air space over its entire territory. This is also written in the European Regional Plan of Flight Control, accepted by the ICAO.

Since the Yugoslav republics are not individually members of the ICAO or the U.N., it is inadmissible that they sign any agreements relating to air transport with neighboring and other countries. Assistant to acting Federal Secretary for Transport and Communications Mirko Ivkovic said that this secretariat initiated a meeting with competent authorities in Slovenia and Croatia on control of air space, which is expected to be held in Sarajevo as early as next week.

According to Ivkovic, the secessionist Yugoslav Republic of Slovenia, as far back as November 5 of last year, unilaterally took over affairs relating to flight

control over its territory. The Federal Secretariat for Transport and Communications immediately reacted, demanding protection from the ICAO since Slovenia's decision at this time was against the Chicago Convention and was a flagrant violation of the Brioni Declaration, signed by representatives of Yugoslavia and the European Community (E.C.), while the other federal units accepted it.

Slovenia, is not a member of the ICAO or the U.N., so that it is inadmissible for it to sign any kind of agreements relating to air transport with neighboring Austria, Ivkovic concluded.

Article Views 'Chaos' of 'Yugoslav Divorce'

92BA0342C Zagreb VJESNIK in Serbo-Croatian 30 Dec 91 p 7

[Article by Vlado Rajic: "The Chaos of the Yugoslav Divorce"]

[Text] If it is an accurate estimate that the property of the Army is worth $140 billion, then withdrawal of the Army from Croatia is quite certainly a direct attack on the future division of assets establishing who is entitled to what and how much of the joint federal property. And in that property, again quite certainly, one of the most important items is that of the Army. Accordingly, even if the war were to end today and if there were the desire to begin the complicated job at all, the withdrawal from Croatia under pressure, and before that from Slovenia, is nothing other than outright theft. Because the Army is carrying away more than murderous armament. It is also carrying away sophisticated equipment of scientific institutions, research institutes, and health care institutions. It is moving the expensive equipment for navigation, meteorology, and similar purposes. And by this transferal it is showing as on the palm of the hand the status it once had in Yugoslavia and its failure to understand its role today: The Army was and has remained extraterritorial, the Army is a force outside the system, and its contact with the system lies exclusively in the amounts which the Army seeks for its "operation." Expelling officers of non-Serb nationality, it is actually performing two functions for Serbia—it is waging war in its interest, and now it has decided to rob on Serbia's account.

What Does the Former Federation Possess?

The second item in a possible division concerns valuable items of the federation's movable and immovable property. Last year, the federal state had 648 automobiles, 450 buses, four airplanes, four helicopters, one diesel and one electric locomotive, two parlor cars, one parlor-car motor train, and five cars for transporting automobiles. The federation is the owner of 16 pieces of real estate in Belgrade (seven villas), three villas on Brioni with a total residential floor space of 24,104 square meters. In addition, the federal state has 401,999.72 square meters of office space. To this, we should add 817,836.89 square meters of residential space where federal officials live. What is the value of that property? The roughest estimate shows: there are about 1.25 million square meters of space, which at an average price of 2,000 German marks [DM] represents a value of DM2.5 billion, located mainly in Belgrade. That value does not include the price of land. Experience with the division of the former party, trade union, youth, and veterans' property of the Socialist Alliance and numerous other forums, bodies, and institutions shows that payment of a portion of the value of that joint property will be in vain. Serbia can simply issue the order directly or through municipal forums in Belgrade: We have no money, and you can just carry your part of the property. The alternative of independent sale is certainly not available, because in announcing the war Serbia closed all approaches to its legal system and instituted the classic forms of government theft, which its courts are legalizing as they are instructed to do.

Diplomatic and Consular Missions

The next major item in the property of the federation are the diplomatic and consular missions of the former SFRY in the world. Yugoslavia had 85 embassies and 18 consulates, along with several cultural centers. It is only when one realizes that these facilities are mainly in the most expensive sections of world capitals, that immense money has been invested to furnish and maintain them, that one can get an idea of the value involved here. It is quite certain, on the basis of prices here, that this is property worth several billion dollars. For example, the culture center in New York is worth a fortune, and the federation also owns several hectares of extremely valuable construction land in the very heart of Istanbul.

And then the property of the federation also includes the contents of the federal treasury. Only a very select few know what is actually in it. It is assumed that the remnants of federal forums are living off the gold bars (they are not in the National Bank of Yugoslavia as one would have expected). Then there are the valuables collected over the years from various state visits of President Tito and valuable pictures. It has been leaked that the treasury also contains securities and money which once again unknown people are using in various business transactions. The public does not know the value of the contents of the treasury, nor do those who would possibly draw up the list of property which would then be divided among the republics.

Three Possibilities

The division itself was announced back in the time when the disintegration of Yugoslavia was merely foreseen. Someone at that time remembered that Yugoslavia is a signatory of the Vienna Convention on Secession of States and Property. Three possibilities are envisaged in it.

First: The parts of the former joint state are required to compensate those who remain in it for the value of property which remains on the territory of the part that has become independent.

Second: If a part that has separated joins another state, the latter pays all the debts of the state that has become independent to the former community or to third parties.

Third: If a state disintegrates, each part retains the property that happened to be on its territory at the moment of the disintegration, and the debt in common to third parties is shared according to the percentage of the indebtedness of each part established at the moment when the debt was incurred.

It is clear from the first glance that none of the three Viennese possibilities can be directly applied in pure form as a method of division of Yugoslavia's assets. First, because it is quite certain that Milosevic's piratical effort to have Serbia proclaimed Yugoslavia's successor will not succeed. Second, because none of the republics, at least at present, intends to join any other state. And third, because federal property, from the example of the Army on down, found on the territory of each of the republics has either been robbed or is out of proportion to the share of those parts in the creation of that property. Yet it is hard to believe that the Vienna Convention will be given the necessary annex just because of the disintegration of Yugoslavia. That means that the instruments for division of federal property will be contained in the peace package, in the terms which will guarantee permanent exclusion of military violence as a method of intergovernmental relations and in the attitude of the international forces which would possibly oversee that peace. It is obvious that that division will take place on two levels. The first has to do with the foreign indebtedness of the federal state. If the accountants here do not know what it is, international creditors know how much that debt is. And the republics, taking the legal view, have adopted rules by which the size of the debt of each of them is to be established, and here there are no major unknowns.

The Beginning of the Monkey Business

The real monkey business is on the second level of the division and has to do with the movables and immovables which have initially been enumerated in the basic items. For example, the Serbian administration has already commissioned the Institute for Economic Research to do an "accounting" in which Slovenia and Croatia are burdened with a debt of $327 billion, the amount of the difference between the rights to federal property and the value of federal property located on the territory of those two states. A second "report" mentions $250 billion as the total value of federal property. But a third "datum" embraces the demand of Croatia and Slovenia concerning compensation of the value of their share of federal property, which has already been drawn up and supposedly sent to a federal address. The fourth "fact" is recollection of a statement by Ante Markovic, former prime minister, who asserted in response to a direct question of whether work was being done on division of assets: "No, and once that job is begun, it will take at least six months to draw up its main outlines." That itself shows that the federal state has been doing business in utter disorder, that the real facts have been accessible to a very small group of people, who have nevertheless made use of them according to the balance of power at the moment in the political oligarchy of the federal state. It is difficult to penetrate all the traps of the mechanism so constructed and maintained for years, under the conditions of mutual accusations and even outright threats. The job of dividing up what formerly was joint property could turn into a new source of tension and a reason for violating bilateral and international documents signed following international recognition of the "republics which so desire," which has been announced for 15 January.

Text of Convention Draft on New Yugoslavia

92BA0342B Belgrade POLITIKA in Serbo-Croatian 31 Dec 91-2 Jan 92 p 3

[Draft version of a convention prepared by the coordinating body of the Convention on a New Yugoslavia: "Draft of the Convention for the Meeting on 3 January"]

[Text] Yesterday we received from the Coordinating Body of the Convention on a New Yugoslavia the draft of the Convention on a New Yugoslavia signed by that body's chairman, Dr. Dragan Djokanovic. We publish below the text of the draft in its entirety.

Yugoslavia, created 73 years ago as the fulfillment of the age-old aspirations of the South Slav peoples, who saw in this firmer guarantees and broader opportunities for exercise of their national freedom and comprehensive economic, cultural, and general social development, is going through difficult moments and trials. The processes of disintegration and exclusiveness, which began long ago and were accentuated by the political and economic system and in other ways, have developed to tragic proportions mistrust, intolerance, and enmity between nationalities, which has evoked interrepublic and interethnic conflicts, all the way to armed conflicts, which have already taken thousands of human lives and inflicted immense property damage and economic damage and threaten a general civil war in the country. People's sense of security and their property and even the survival of entire segments of certain nationalities have been seriously threatened. Yugoslavia's international reputation and influence, as well as its security and survival, have been threatened to extreme limits.

It is no longer possible to put off comprehensive and decisive measures by all governmental, political, and social factors to bring about the conditions for the democratic, effective, and stable economic and general social development on a long-term basis of Yugoslavia

and those republics and nationalities which have not decided to secede from Yugoslavia.

Ascertaining that the security and survival of Yugoslavia as a state and entity in international law have been threatened to extremely dangerous limits;

In the belief that peace, freedom, and democratic development of all citizens and all nationalities and ethnic minorities have no alternative;

Respecting the right of every people to self-determination, including the right to secession and association;

Respecting the democratic expressed will of every Yugoslav nationality and republic to achieve its own status in accordance with its own specific, real, and long-term interests;

Conscious of their responsibility and disturbed about the fate of all the South Slav nationalities and citizens of the SFRY, the representatives of the political parties, movements, associations, and deputy groups interested in the continuity and consolidation of Yugoslavia, having met on 3 January 1992, concluded a Convention on a New Yugoslavia.

1. The participants in this meeting are agreed that it is the exclusive right of nationalities and citizens to decide their own destiny. That is why no one has the right to deny continuation of community life to those nationalities and republics which desire it within the Yugoslav state community regulated by consensus and in keeping with their common interest.

We point out that Yugoslavia's sovereignty and existence in public law, which are internationally recognized, is firmly based on the will of a majority of citizens belonging to several Yugoslav nationalities and Yugoslav republics. Yugoslavia's continuity, then, cannot be terminated by the stroke of a pen of foreign factors nor by a violent unilateral act of any of its republics or nationalities. At the same time, the right of any Yugoslav nationality to leave the present Yugoslav state community and continue its life in an independent state is not disputed.

2. The participants in the meeting will strive for the following:

a) For those Yugoslav nationalities and their republics which have not committed themselves to secession, to guarantee Yugoslavia's continuity within new borders and its transformation into a democratic federal state community based on the principles of equality and voluntary consent of citizens, nationalities and their republics, the rule of law, and the highest degree of protection of human freedoms and rights, as well as the rights of minorities, on the free market, and on pluralistic democracy;

b) Yugoslavia, as an entity in international law, acts as a sovereign state in international relations. It is open to international cooperation, to association with other states, and to integration with the EC and other international organizations and communities. The international activity of the republics must not be detrimental to the interests of the other republics and Yugoslavia as a whole;

c) The territory of Yugoslavia will be unified, and its borders inviolable and secured by the armed forces of Yugoslavia.

3. The indispensable prerequisites for achieving these objectives and implementing these principles are as follows:

a) Establish a lawful manner of respecting and realizing the will of the South Slav peoples expressed democratically in a plebiscite concerning their future governmental and political status, by adoption in the SFRY Assembly of an act resolving all aspects of the Yugoslav governmental-political crisis and of a procedure for a nationality to exercise its right to self-determination;

b) Establish the obligation of convening a constitutional assembly made up of deputies—representatives of all those nationalities and citizens continuing to live in the Yugoslav state community for the purpose of adopting a new constitution of Yugoslavia;

c) On the basis of the new constitution of Yugoslavia and a corresponding election law, carry out multiparty elections and set up a multiparty parliament, and other governmental agencies of Yugoslavia;

d) An enactment of the SFRY Assembly on resolution of the Yugoslav crisis that would set forth the criteria and principles on the basis of which territory and property would be fairly divided between Yugoslavia and those parts of the SFRY whose peoples, possessing the right to form a state, wish to set up independent and sovereign states in order to guarantee the equality of the rights of peoples to self-determination, including the right to secession, which cannot be exercised to the detriment of the same such right of other Yugoslav peoples;

e) Establish a transitional period in which the performance of vital joint economic, social, and governmental functions would be ensured on behalf of direct protection of the interests of the citizens, the nationalities, and the country's international position. This presupposes uninterrupted operation of all federal institutions under the new conditions.

[Box, p 3]

Rules Governing the Convention's Proceedings

1. The initiator, organizer, and proponent of the document which will be adopted in the Convention of Representatives of Political Parties, Movements, Deputy Groups, and Associations Interested in Yugoslavia's Continuity and Reconstitution is the coordinating body formed in Belgrade on 26 December 1991 through the

efforts of representatives of the SFRY Assembly and SFRY Presidency (hereinafter "the coordinating body").

2. The convention conducts its proceedings and makes decisions in a plenary meeting of representatives of political parties, movements, deputy groups, and associations interested in Yugoslavia's continuity and reconstitution.

Scholars, cultural figures, and other public officials who express a desire to take part in the proceedings of the convention or who are invited by the coordinating body may take part in the proceedings of the plenary meeting.

3. Before its work begins, the coordinating body delivers to participants in the proceedings of the plenary meeting a draft of the text of the Convention on a New Yugoslavia and the proposed membership of the working group which in an intermission in the proceedings of the plenary meeting will approve a version of the draft of the Convention on Yugoslavia to be proposed.

4. The convention is to be opened and chaired by the chairman of the coordinating body until election of a chairman and working presidium of the convention.

The working presidium is made up of five representatives nominated by the coordinating body and the chairman and secretary of the coordinating body.

The working presidium chooses the chairman of the plenary meeting from among its own members.

[omission in original] conclusions and recommendations;

—List of participants in the convention.

5. These rules were approved in a meeting of the coordinating body of the convention held in Sarajevo on 30 December 1991.

The proposed version of the procedural rules of the convention are to be published in the news media.

[Box, p 3]

Support of the Convention on Creation of a New Yugoslavia

The Socialist Party of Serbia, proceeding on the basis of its own programmatic commitments concerning Yugoslavia as a democratic community and state of equal nationalities and republics, supports the initiative of the Yugoslavia-oriented political parties to preserve Yugoslavia and its status as an entity under international law.

In keeping with its own repeatedly expressed principles and programmatic commitments concerning a democratic solution of the Yugoslav crisis, the Socialist Party, together with all entities who desire to preserve Yugoslavia, will take part in preparing the convention on 3 January 1992. We consider this initiative an important contribution to peaceful solution of the Yugoslav crisis, and we therefore anticipate that all patriotic citizens committed to Yugoslavia will support it.

Central Bank Program to Protect Dinar Viewed

92BA0335D Belgrade BORBA in Serbo-Croatian 27 Dec 91 p 12

[Article by J. Kesic: "The Dinar Without Protection"]

[Text] The central bank has put new bank notes in circulation in order to protect the Yugoslav dinar against the assault of worthless money from Croatia and Slovenia. At the time, when the tolar was issued in Slovenia, there were 27.3 billion dinars in circulation, and at the time when the "Croatian dinar" was put into circulation, there were 46.9 billion Yugo-dinars in that republic. In order to prevent an invasion of that worthless money, the National Bank has printed new notes to protect the dinar, which remains the legal means of payment in four republics. At the same time, however, the draft of the federal budget for next year envisages that 229.5 billion dinars will be supplied to the federal treasury from primary issue of the National Bank. BORBA asked Dusan Vlatkovic, governor of the National Bank of Yugoslavia [NBJ], whether this would threaten the dinar more than a possible invasion from Croatia and Slovenia?

"Every note issue which goes to finance the budget and spending detracts from stabilization and preservation of the currency," Vlatkovic says. "We would much rather adopt a projection of monetary policy for 1992 in which primary note issue would not be called upon to meet the needs of the budget and spending. But in this year, unfortunately, we have been forced to apply 71 percent of total note issue to expenditure, because there was a shortage of financing the federal treasury from real sources, because the republics and provinces have not been paying money into the budget. That is why the FEC [Federal Executive Council] decided to seek loans from the central bank to finance the needs of the federal state.

"In the monetary projection for 1992, we have taken the explicit position that no more than 50 percent of total note issue can go to finance expenditure, which as a practical matter is less than it was this year. This includes both the budget and credits extended to banks for reducing foreign exchange savings (that which was previously covered from the budget).

"The calculations we took as our point of departure in making the projection and which possibly might be challenged are that the monthly average rate of inflation in the first half of the year will be 20 percent, in the second half 15 percent, which amounts to 590 percent for the year. It is envisaged that the money supply will increase less than that—525 percent. The main goal is to maintain this year's level of production with that money, but the FEC has judged that it will have to use some of the funds from note issue for deficit financing of the budget. And that will quite certainly have an adverse

effect on the dinar, but the decision on that is made by the Yugoslav Assembly, and in a few days we will see what that will be.

"It would be good if all those who really want to live in Yugoslavia understand that it is not correct to think that it is easier to finance everything from primary note issue, because that bill must be paid. Accordingly, the less note issue there is, and the more direct revenues, the better it is for everyone. Nevertheless, if the planned primary note issue, that is, its limits established by the SFRY Assembly, are not to be exceeded, the deficit financing of the budget and banks should not bring about a rise of inflation greater than the planned 590 percent."

Slovenia

President Kucan Discusses Republic's Future

LD1501175592 Belgrade TANJUG Domestic Service in Serbo-Croatian 1649 GMT 15 Jan 92

[Text] Ljubljana, 15 Jan (TANJUG)—Answering a question put to him by Radio Slovenia journalists on what is in store for the republic following its international recognition, Milan Kucan, president of the Slovene Presidency, said today that, "to a great extent, this depends on Slovenes themselves."

According to him, all international groups, especially the EC, "have been constructed at a high level of development of internal democracy and on a successfully developed and technologically equipped market economy, which has been largely internationalized." Kucan's assessment is that Slovenia is lagging behind in this respect and that this will be its biggest problem, which the country will not be able to solve without outside assistance.

"For this reason, recognition was a necessity, because it signifies that Slovenia is a secure country and that one can count on the influx of fresh capital and incipient action regarding Slovenia's membership in the international institutions that control international finance," he stressed, adding that, in this context, he is mainly thinking of the IMF and of the World and European Banks.

Kucan believes that Slovenia's membership in political groups like the Hexagonale and CSCE should not cause any major problems, although this "is not simple either," he said. According to him, for Slovenia, UN membership will be "a tough nut to crack."

"In my view, specifically regarding this matter, we will have to invest a great deal of energy because, in practical terms, our independence will not be fully secure until we have become a UN member," Kucan said in conclusion.

Drnovsek Views Possible Prime Minister Candidacy

AU1501191192 Ljubljana Radio Slovenia Network in Slovene 1430 GMT 15 Jan 92

[Statement by Janez Drnovsek to Radio Ljubljana on 15 January; place not given—recorded]

[Text] I did not intend to make any statements on this topic yet. However, since you have already asked me, it is true that my name is frequently mentioned as a possible new prime minister-designate, that is to say, as president of the Slovene Government. With regard to this, I would say that it is obvious that there is a serious political blockade in Slovenia, I could even call it a political crisis—a parliamentary and government crisis—and that somebody will have to find a way out of this crisis.

If the Slovene political parties, which find it very difficult to agree on anything, manage to agree on proposing me as a prime minister-designate, then it would probably be irresponsible of me to decline such a proposal, if my acceptance would mean a way out of this blockade, this crisis.

I did not launch this initiative myself, other people did. Therefore, it depends primarily on the political parties, on the possibilities for reaching a consensus, that is to say, a majority agreement, and I will adjust my decision to this.

'Main Task' To Enter EC as Associate Member

LD1601065192 Belgrade TANJUG in English 0143 GMT 16 Jan 92

[Text] Ljubljana, January 15 (TANJUG)—"To prepare for entering the E.C. as its associated member" is the main task of the former Yugoslav Republic of Slovenia today recognized by several countries, Slovenia's Foreign Minister Dimitrij Rupel said today.

In a statement to Radio Slovenia on the occasion, Rupel said that joining the E.C. would be " a definite shock to Slovenia's political and economic situation," but this challenge should be accepted, the Slovenes "having talked all the time of their not wishing to remain a lone island in the middle of Europe, but of getting included in Europe."

Draft Law on Employment of Foreigners Viewed

92BA0369A Ljubljana DELO in Slovene 6 Jan 92 p 2

[Unattributed article: "Will Slovenia Restrict the Employment of Foreigners?"]

[Text] Ljubljana, 5 Jan (STA [Slovene Press Agency])—At their next session in the middle of January, the deputies in all three chambers of the Slovene parliament will also deal with a draft law on the employment of

foreigners. To date, the employment of foreigners has been regulated by federal legislation, but with independence, Slovenia has to regulate that area independently. Since the number of people unemployed in Slovenia is still climbing precipitously and reaching the "European" level, it is to be expected that the policy on employing foreigners will be restrictive.

As a condition for the employment of foreigners, the legislator is proposing a work permit, which would be issued by the Republic Employment Institute. In principle, work permits would be issued at the request of an organization or employer, and only in exceptional cases at the request of a foreigner. Work permits are to be limited as a rule to a specified period, and once again, only in exceptional cases would they be for an unspecified period. The relatively brief law of 29 articles also contains transitional provisions, which would allow work permits to be obtained by all foreigners who are citizens of the SFRY, who reside in Slovenia when the law on the employment of foreigners goes into effect, and who are also employed. They would receive a permit for an unspecified period, or, as provided by an alternative in Article 24, for a period of two years. There is also a condition that they apply to the Republic Employment Institute for a personal work permit within 90 days after this law goes into effect. Daily migrant workers are to receive a work permit for a period of two years. If both groups do not apply for a work visa within the prescribed period, the legislator proposes that their employment be terminated.

Another basis for issuing a work visa would be an industrial permit or a permit to perform independent professional activity, which the foreigner would obtain in accordance with the applicable regulations. A personal work permit—thus, at his own request—would be obtained by foreigners who would already have lived in Slovenia for more than five years, namely, on the basis of a permanent residence permit, followed by foreigners with special refugee status, acknowledged on the basis of the law on foreigners. The same category would also include foreigners performing various professional work in Slovenia on the basis of contracts.

Article 13 of the draft law on the employment of foreigners also cites cases in which foreigners do not need a work visa. This has to do with foreigners' work that does not last more than three months in one calendar year, for example in the case of contract work, vacation work, reporting by journalists, and so forth.

De Michelis Meets With Kucan, Peterle, Rupel

92BA0325C Ljubljana DELO in Slovene
23 Dec 91 p 2

[Article by Romana Dobnikar-Seruga: "De Michelis Hurried To Visit Slovenia"—first paragraph is DELO introduction]

[Text] The Italian foreign minister wanted to be the first to visit the "new European state" being born.

Ljubljana, 22 Dec—"I came even before Monday, when the Yugoslav republics will formally ask the EC for recognition, in order to establish cooperation with the Slovene government during the transitional period until 15 January and to ensure that this process proceeds as well as possible, and also to convince states that are not members of the EC that they should recognize Slovenia," Italian Foreign Minister Gianni De Michelis explained his sudden arrival in Ljubljana yesterday at a press conference.

The Italian foreign minister came to Ljubljana at Rupel's invitation to participate in the Democratic Party's congress; before that, in working visits, De Michelis met with president of the Presidency Milan Kucan and Prime Minister Lojze Peterle, as well as Foreign Minister Dimitrij Rupel. He undoubtedly hurried to arrive just before formal recognition of Slovenia in order to be recorded here as the first minister to visit the "new European state that is being born" (he was already in Ljubljana almost exactly a year ago, when he opened the Italian Consulate General), as was also pointed out by President Milan Kucan.

The Italian foreign minister's talks with Kucan and Peterle (the latter described them as friendly, substantive, and binding) were dominated by the issues of international recognition of the former Yugoslav republics (as one could hear unofficially, the Italians are seriously concerned about certain militant Croatian statements), relations between Slovenia and the United States, and minority problems.

De Michelis said that Italy did not want to adopt decisions that would discrimination against any people, including the Serbian people. He called upon the Serbian leadership not to miss the opportunity, since otherwise Serbia would remain isolated from San Francisco to Vladivostok. "We informed Croatia that observation of the ceasefire is a condition for recognition; the conditions have to be fulfilled, and I hope that the Croatian leadership will not make tragic mistakes," he said, and warned that international recognition did not yet mean cancellation of the embargo on arms sales. He did not want to answer a question about whether it could happen that the EC would only recognize Slovenia. He emphasized that recognition was not the only goal, and that it was also necessary to strive for peace and the success of the UN's action. His Slovene interlocutors assured him that Slovenia would continue to participate actively in settling the Yugoslav crisis.

According to De Michelis, 15 January should not only be the date for recognition by all the EC states, but also by all the members of the Conference on Security and Cooperation in Europe, and thus the Soviet Union and the United States as well. The new states from the former SFRY could also become members at the meeting of CSCE foreign ministers at the end of January in Prague. De Michelis obviously ascribes great importance to convincing the Americans, since, in his opinion, the first

indications are coming from Washington about a "positive" development in the U.S. positions, and also "Italy wants to contribute to better cooperation between Slovenia and the United States."

The Slovene interlocutors were particularly satisfied with the talks on minorities, since they and the Italian foreign minister agreed to meet twice on this even before 15 January. In addition to a trilateral meeting among Italy, Slovenia, and Croatia on the position of minorities, at Rupel's proposal there would also be separate Italian-Slovene talks on this.

Proposal to Lower Sales Tax in Republic Reported

92BA0325E Ljubljana DELO in Slovene
18 Dec 91 p 3

[Article by Marjeta Sostaric: "Sales Taxes Will Be Lower"]

[Text] Ljubljana, 17 Dec—With the proposed sales tax law, Slovenia should come considerably closer to other European states. There will be fewer tax rates, and on the average the taxes will be lower than before, but a new element is that taxation will also be extended (according to the proposed law) to several previously untaxed items.

According to the law, which is to go into effect as early as 1 January, the general tax rate is being lowered from the present 33.5 percent to 20 percent. Consequently, all sorts of things (from beer and coffee to automobiles) should become cheaper here, due to the lower general rate of the sales tax. Let us take things in turn. The tax on the sale of products is paid on each product sold that is intended for final use, and on all sales of equipment, but naturally, as in the past, the proposed new law also provides for tax exemptions.

Tariff Class I

Consequently, the proposed new law specifies a 20-percent general sales tax rate on all products that are intended for final use, except for those that are covered in other tariff classes (or for which a tax exemption is provided). Passenger cars with a gasoline engine up to 1.8 liters in operating capacity, and with diesel engines up to 1.9 liters are also to be taxed at this rate. The tax rate is to be reduced by 10 percent by 1 January 1994 for the sale of passenger cars with a built-in catalyzer for the use of unleaded gasoline. Alcohol (ethanol) for the production of alcoholic beverages is also to be taxed at this general rate.

Tariff Class II

Taxes are to be paid according to the second tariff class, which provides for a 10-percent tax rate, on the following products: construction and installation materials, prefabricated furniture and all types of wooden boards (joined, masonite, panel, and chip boards, and polished wooden boards), boilers, tubs, sinks, bathtubs, toilet bowls, rinsing pans, pipes, and fixtures.

A 10-percent tax rate is also provided for solar water heaters, collectors, heat pumps, and other heating devices for the use of solar energy; for furnaces for central heating and for heating bathing water; for wood and forest wood assortments; for coal; for detergents without phosphates; for mineral water and natural wine; and for monetary gold in coin and in unworked form. Under the new taxation, the same tax rate is also to apply to shoes and footwear and clothing for adults.

Tariff Class III

The third tariff class includes products that the state intends to begin taxing with a 5-percent sales tax. This tax is to be added to the purchase price of special ambulances, vehicles for the organized transportation of the disabled, fire trucks and hearses, and special vehicles for the militia and for the needs of the armed and defensive forces (i.e., military vehicles). Passenger cars used by driving schools, tow trucks, and PTT [post, telephone, and telegraph] passenger cars are exempted from taxation. The new 5-percent tax rate is also to apply to sales of used vehicles and boats, for which registration is mandatory (under the law now in effect, the tax on the sale of used automobiles, for instance, is only 3 percent). The same tax rate would also apply to agricultural machinery and spare parts for it. In this regard, the proposer of the law specified a safety clause according to which the Republic Ministry of Finance can determine which products are included in the agricultural machinery to which the 5-percent tax applies.

Otherwise, the 5-percent tax rate is also to apply to new motor vehicles which ae purchased at most once per year by organizations for the disabled, exclusively for the transportation of the disabled, directly from a legal person (an enterprise) or a private individual involved in production or commercial activity, or else imported by themselves directly.

In order to avoid abuses, the fact that the vehicle is intended exclusively for the transportation of the disabled must be recorded in the sales permit for a vehicle thus purchased (as provided by the law).

Next, the 5-percent tax rate is also to apply to all food products, animal fodder, basic agricultural products, and fish, as well as the following: glass packaging and packaging from biaxially oriented polystyrenes for food products, boys' and girls' clothing and footwear (up to size 14 and 34, respectively), linen and clothing for infants, baby carriages, safety seats, and children's toys. The same sales tax is also to apply to school supplies, books, pictures, records, cassettes, etc., that are of scientific, cultural, educational, and informational significance. This tariff class, which is probably the most extensive, also includes painting and sculpting materials and supplies, original artistic works, the products of home and artist's shops, computer equipment, medicines and auxiliary medical supplies; orthopedic devices and aids; funeral equipment (crosses); wood,

natural and city gas, water, organic and mineral fertilizers, and industrial and other wastes (rags, iron, glass, paper, cardboard, and so forth).

Tariff Class IV

The fourth tariff class provides for a 32-percent tax rate, or the so-called sales tax rate for luxury items. This tax rate is to apply to all the more powerful and more expensive automobiles—with a gasoline engine with an operating volume above 1.8 liters, and a diesel engine above 1.9 liters. This tax rate is to be reduced by 10 percent on 1 January 1994 for sales of automobiles with built-in catalyzers. The "luxury" tax is also supposed to apply to all decorative and other products that contain more than 2 percent gold and other precious metals, and to products with more than 50 percent silver; to all natural precious stones and gems and products made from them (jewelry); to perfumes and cosmetic products; hand-woven carpets; leather and products made from the leather of reptiles, and natural furs and products made from that fur.

Tariff Class V

The highest sales taxes are stipulated in the fifth tariff class, which includes petroleum derivatives. Thus, the new tax rate for automobile gasoline (regular) is 140 percent, and 90 percent for unleaded. Diesel fuel and uncolored motor oil will be taxed at 190 percent (a 50-percent tax is provided only for fuel intended for use in railway and water transportation, for the use of cable-operated machinery); a 20-percent tax rate is provided for light heating oil (with a low sulphur content) and kerosene (aircraft fuel), whereas a 10-percent tax rate is to apply to oils and lubricants, and only a 5-percent sales tax is to apply to liquified gas oil. All other heating oils and fuel oil are planned to be taxed at a 30-percent rate.

The proposed legal solution includes a 45-percent sales tax on all types of tobacco products, whereas an 80-percent tax is to apply to distilled beverages.

The proposers of the new sales tax law, as stated among other things in the explanation of the proposed law, took into account initiatives to expand exemptions from the payment of sales tax. Thus, the exemptions are to include the sale of medicines; products that the Red Cross, Caritas, organizations for the disabled, and similar organizations obtain for free; sales of products produced by the disabled in institutions or enterprises; also untaxed will be products produced during the treatment and rehabilitation of the disabled, products made by wards in old age homes, children in school and college workshops, etc. Exemptions would also apply to equipment imported or purchased as special equipment by enterprises for the employment of the disabled; tax exemptions would also apply to the purchase of new automobiles for all disabled people with serious disabilities. Finally, the purchase of tourist, advertising, and informational publications intended for free distribution is also to be untaxed.

Among the special features of the individual tariff classes, the following should be enumerated: In the first tariff class, a 5-percent sales tax is paid on all games of chance (the one obligated to pay the tax is the organizer of the games of chance, who has a permit to organize these games); in the second tariff class, a 3-percent sales tax is paid on the sale of banking, credit, and exchange services, payment transaction services, real estate transactions, etc. According to this proposed law, a 20-percent sales tax "burdens" the sale of telephone services and the sale of special games of chance (gambling machines, roulette wheels, and so forth); the tax has to be paid by the owner or organizer of the games of chance. The sale of securities and bonds, which is otherwise included in the fourth tariff class, is to be taxed at the rate of 0.1 percent.

[Box, p 3]

The proposed sales tax law should also provide for lower tariffs for children's products and for environmentally sound products; higher tariffs should apply to ecologically objectionable products and tobacco products. Humanitarian organizations ought to be exempted from paying sales tax, the deputies in the Chamber of Opstinas thought.

Croatia

First Session of 'Independent' Government Reported

LD1601105892 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 16 Jan 92

[Text] The government of the independent, sovereign, and internationally recognized Croatia held its first formal session this morning. (?The days ahead) will provide us with an opportunity for unhindered development and recovery after the war, [Prime Minister] Greguric said. Deputy Foreign Affairs Minister Bozidar Gagro noted that, up to the beginning of the session at 0900, Croatia had been recognized by 31 countries with Czechoslovakia, Finland, Turkey, and several Latin American countries expected to follow soon. Diplomatic relations with Austria will be established on Saturday during a visit to Zagreb by Minister Alois Mock.

Dr. Milan Ramljak, vice president of the government and its longest-serving member, addressed his colleagues by saying that Croatia has achieved its aspirations in the struggle for which many generations have spilt their blood over the last nine centuries. Rarely has a nation been denied the right to sovereignty and statehood for such a long time, or had all doors closed in such an arrogant manner by diplomatic cricles. However, at the threshold of statehood, rarely has the door to the world

been so widely open to a country as it is to Croatia now. Our statehood has opened a new page in the diplomatic history of the world. Dr. Ramljak said that success is largely due to the fact that Croatia is headed by a determined diplomat and fighter. He also added that gratitude for success is due primarily to the entire Croatian nation.

At the proposal of [Government] President Greguric, the government members observed a minute of silence in honor of all the fighters killed in defense of the homeland.

Election Preparations Discussed

LD1501225292 Zagreb Radio Croatia Network in Serbo-Croatian 2100 GMT 15 Jan 92

[Text] The Supreme State Council has discussed the preparations of state bodies for the organization and implementation of elections for president of the republic and for deputies of the Croatian Assembly, on which competent assembly and government bodies will soon draw up draft laws to be submitted for public discussion. The session, attended by representatives of all republican supreme bodies, was chaired by Croatian President Franjo Tudjman.

The official communique says that, given the constitutional obligation whereby fresh elections should be held, the Council examined fundamental concepts of appropriate electoral laws, as well as the laws of Croatian regions [zupanije]. With regard to elections for president of the republic, the Supreme State Council maintains that candidature must not be too restricted, to ensure that the true democratic interests of society may be expressed and the interests of both party and independent candidates satisfied.

Agreement Reached on Italian Minority Issue

LD1501224292 Zagreb Radio Croatia Network in Serbo-Croatian 2100 GMT 15 Jan 92

[Excerpt] Here is a report that we have just received from Silvije Tomasevic, permanent correspondent of SLOBODNA DALMACIJA in Rome:

Croatia this evening signed its first international agreement as an internationally recognized sovereign state. So, on the first day of its existence, it also signed its first international agreement. The ministers of foreign affairs of Italy and Croatia, de Michelis and Separovic, signed a memorandum in Rome this evening on the Italian minority in Croatia.

At a press briefing, de Michelis said that he is particularly pleased that it is specifically Italy that is signing the first agreement with the new sovereign state. Separovic thanked the Italian Government, parliament, and public opinion for the support that they have given in the struggle for independence. [passage omitted]

Diplomatic Relations With Germany Established

LD1501145592 Zagreb Radio Croatia Network in Serbo-Croatian 1400 GMT 15 Jan 92

[Text] The Republic of Croatia and the Federal Republic of Germany today established full interstate diplomatic relations. A protocol to this effect was signed in the Villa Zagorje today by Hrvoje Sarinic, head of the Office of the President of the Republic of Croatia, and Klaus-Peter Kleiber, an ambassador in the FRG Foreign Ministry. The signing ceremony was attended by Croatian President Franjo Tudjman; Croatian Prime Minister Franjo Greguric; Croatian Assembly President Zarko Domljan; Hans Julius Boldt, German consul-general in Zagreb, and other prominent politicians from the two countries.

The special envoy of Chancellor Kohl and Minister Genscher, Klaus-Peter Kleiber, said that, as of today, the premises of the German consulate in Zagreb would become the German embassy in Zagreb. Croatia has won its independence in a free vote for self-determination. In a legitimate procedure, Croatia has pledged to respect human rights, the rights of the minorities, and of the CSCE.

Germany's international recognition of Croatia does not imply a decision for or against another country or another nation of the current Yugoslavia. This recognition, Kleiber said, is a decision in favor of recognizing and accepting common values in Europe, of the inviolability of borders and of self-determination of peoples. These are the values that link the two countries, Croatia and the FRG.

Zagreb Radio Updates Recognition Decisions

LD1501203892 Zagreb Radio Croatia Network in Serbo-Croatian 1800 GMT 15 Jan 92

[Text] Dear listeners, good evening. For the citizens of Croatia and the Croats living outside of Croatia, today is the happiest day. The EC Council in Lisbon adopted a decision that the entire Community recognizes Croatia and Slovenia as independent states. The statement on this of the presidency of the Ministerial Council has already arrived at the Ministry of Foreign Affairs of the Republic of Croatia, which was today also officially informed by Austria and Malta that they had recognized Croatia.

Today, Germany transformed its consulates in Zagreb and Ljubljana into embassies, and as we have reported, the protocols on the establishment of diplomatic relations were solemnly signed.

Here is the list of the countries that have so far recognized Croatia: Canada, the Vatican, Iceland, Switzerland, Austria, Malta, San Marino, Ukraine, Lithuania, Estonia, Latvia, and Slovenia.

Written confirmations of recognition from all the members of the European Community are expected today. In

other words, apart from Germany, from Great Britain, France, Italy, Spain, Portugal, Denmark, the Netherlands, Ireland, Greece, Belgium, and Luxembourg. Sweden will officially announce its recognition of Croatia and Slovenia tomorrow. Recognition is also expected soon from Finland, Poland, Czechoslovakia, Hungary, and Bulgaria.

TANJUG: Battlefronts in Croatia Quiet

LD1501150292 Belgrade TANJUG in English 1323 GMT 15 Jan 92

[Text] Belgrade, Jan 15 (TANJUG)—There were no ceasefire violations in the secessionist Yugoslav Republic of Croatia last night and this morning, except for minor provocations staged by Croatian para-military formations in Baranja and eastern Slavonia, as TANJUG reporters have filed in, quoting federal military sources.

TANJUG reporter has been told at the Baranja Territorial Defense headquarters that Croatian forces staged infantry attacks at Bilje and Belisce last night. The defenders of Baranja answered in both instances with fire from infantry weapons, including mortars, as Baranja Territorial Defense commander Borivoj Dobrokes said, and specified that both attacks lasted roughly 30 minutes each.

The information service of the Yugoslav People's Army (JNA) command at Sid has announced that Croatian para-military formations fired two mortar shells on the JNA and Territorial Defense positions not far from Mirkovci, but that the JNA and Territorial Defense units did not fire back.

Federal military sources have announced that the defenders of the village of Marinci last night "successfully prevented an incursion" by a commando group of the Croatian para-military formations from the area of Vinkovci.

Croatian radio, for its part, which is subject to the censorship decreed by the Croatian president, has reported that two shells fell near the railway station in Vinkovci, a town held by Croatian forces, somewhat before midnight, and that fire from mortars was opened from Ceric.

The ceasefire was respected on the Dubrovnik-Hercegovina front the past 24 hours, except for several bullets fired from the area of the village Stupa towards the JNA positions, as it was announced this morning at the Trebinje-based press centre of the operational JNA group for Hercegovina.

Croatian radio has reported that there were "usual provocations" in the area of Dubrovnik, and specified that there was "shooting from automatic weapons."

'Provocations' in W. Slavonia Noted

LD1601085792 Belgrade TANJUG Domestic Service in Serbo-Croatian 0805 GMT 16 Jan 92

[Text] Banja Luka, 16 Jan (TANJUG)—Provocations by Croatian forces along the Western Slavonia front have intensified following the recognition of the Republic of Croatia as an independent state, the Banja Luka Corps Information Office announced this morning.

According to military sources, at about 2300 last night, fire from infantry weapons opened from the direction of Kmdija upon Yugoslav People's Army [JNA] positions near Jasenovac. The fire was followed by three 60mm mortar shells fired from the same direction.

According to the same sources, at 2330 the Croatian side opened fire from infantry weapons from the direction of Drenov Bok, and at 0300 two mortar shells were fired on the same positions. There were no losses on the JNA side, the Banja Luka Corps stresses, adding that the Army did not respond to any of the provocations.

Shooting Reported in Osijek, Gospic

LD1601103492 Zagreb Radio Croatia Network in English 0902 GMT 16 Jan 92

[Text] Except for some enemy provocations, the night passed peacefully on the Zadar front. There was some shooting in the city of Zadar, in celebration of yesterday's recognition of the Republic of Croatia.

According to local officials, Croatian front lines in the Osijek area were under fire throughout yesterday and last night. Several dozen shells were fired from enemy positions in Baranja. Five Croatian soldiers were wounded.

A group of representatives of Greenpeace International will be visiting Osijek today.

Enemy forces in the Gospic region last night, at around 2100, opened artillery fire on Croatian positions. Shells fell throughout the Gospic area, but Croatian forces did not return fire. Things settled down around midnight, after which no further incidents were reported in the region.

Commander Views Latest Cease-Fire, Prospects

AU1501143892 Budapest NEPSZAVA in Hungarian 13 Jan 92 p 2

[Interview with Brigadier General Karl Gorinsek, commander of the southern Baranja and eastern Slavonia theater, by Andras Kegyes in Osijek; date not given: "Less Shooting, Many Question Marks"]

[Text] One of the nicer 19th century buildings in the seriously damaged center of Osijek houses the headquarters directing the defense of this city. Karl Gorinsek received me in his office with blownout walls and sand bags instead of windows.

[Kegyes] Gen. Gorinsek! The whole world is looking at this latest cease-fire with the hope that this is the end of the war. Do you share this hope?

[Gorinsek] No doubt, there is less shooting now than at any time before. Unfortunately, the downing of the helicopter carrying the cease-fire observers is hindering the peace process. This tragic event is the sad consequence of the Serbian leadership's political division and of the ongoing power struggle within the Yugoslav Army. All this hinders the deployment of observers and peacekeeping forces. This delay, however, does not mean that they will give up this task.

[Kegyes] It is possible that representatives of the hardline policy will emerge as winners in the Serbian political struggle. In your view, what are the chances of peace in such a situation? Besides, this is not the first cease-fire, but the 15th.

[Gorinsek] The current situation is basically different from the previous 14. There has been a change in the international evaluation of Serbian policy. Their political and military positions have deteriorated, and they are facing crises in many areas. To a certain extent, all this guarantees our readiness to negotiate.

[Kegyes] There are many indications that the Serbian leadership at the negotiations does not represent all the political and military forces in Serbia, which seems to contradict all this.

[Gorinsek] That is true. Babic's confrontation with Milosevic also proves this. These pan-Serbian elements must listen to Belgrade, however, because they received their power, influence, and armed forces from Belgrade. They cannot survive without Belgrade's support. They must also realize that the dream of a greater Serbia built to the detriment of other nations (like the Hungarians living here) cannot be pursued either militarily or politically. Therefore, peace is closer now than at any previous time.

[Kegyes] I met with five guardsmen here, people whom I first met in Szentlaszlo. This village has fallen since then, and these people's main desire is to retake their village. This is consistent with President Tudjman's declaration that they will not give up the desire to liberate the occupied territories. I ask you again: How can this cease-fire be a lasting one?

[Gorinsek] We would very much welcome a lasting cease-fire and the proper international pressure on Milosevic to withdraw peacefully from the occupied territories. At the same time, we also count on large-scale military aid once Croatia is recognized internationally, by Hungary, among other countries.

[Kegyes] Despite the arms embargo, there has been a tangible improvement in the equipment of the Croatian forces. How is this possible?

[Gorinsek] Opportunities have emerged for the development of our army in the past three months, but this is still insufficient. We captured our artillery from the Yugoslav Army, but we do not have ammunition. We purchased a considerable amount of small arms from abroad through various channels, but I cannot say more about this. We did not always succeed in avoiding the arms blockade. For example, a transport worth several million U.S. dollars has been confiscated in Hungary.

[Kegyes] Hungary is often accused by Belgrade, however. The latest accusations allege Croatian training camps in Hungary.

[Gorinsek] Of course, this is not true. Although we are quite satisfied with Hungary's political attitude, our military relations could be stronger. We know that Hungary is bound by international agreements, but we still need weapons.

JNA, Croat Military Leaders Meet in Pakrac

LD1501232792 Belgrade TANJUG in English 2151 GMT 14 Jan 92

[Text] Pakrac, Jan 14 (TANJUG)—The announced exchange of prisoners between the Yugoslav People's Army (JNA) and Croatian Armed Forces did not take place in Pakrac today, but the JNA handed over to the other side four wounded Croatian National Guardsmen.

The two sides met in the suburb of Pakrac in Western Slavonia. At their meeting, attended by a member of the E.C. monitor mission, they discussed the prisoner exchange, ways for the ceasefire in this part of the Western Slavonian front to continue to hold, and they scheduled their meetings in the future.

After the talks, which the member of the E.C. monitor mission assessed as successful, JNA representative Col. Ratko Lepir and then Croatian Armed Forces' Brigadier Ivan Klasaj issued short statements. Col. Lepir said that the talks were held in an atmosphere of tolerance, and that there was both criticism and self-criticism regarding some moves which were threateneing the ceasefire.

JNA representative said that more could be done in frequent contacts and that groups and commissions have been set up to work together today and tomorrow, above all on the issue of the exchange of prisoners. Col. Lepir confirmed that such meeting would take place in the future as well.

Brigadier Klasaj, representative of the Croatian Armed Forces, assessed as positive the JNA's gesture of handing over the wounded Croatian guardsmen and underscored that they were well treated while imprisoned. The ceasefire has been observed on this sector of the front for ten days running, Klasaj said and added that the exchange of captured and killed troops and civilians could begin on Thursday.

Klasaj confirmed that the two sides reached on agreement on the exhumation of the killed members of the Croatian Armed Forces near Kusonja and Masicka Sagovina in Slavonia.

Krajina President Babic Calls For UN Help

AU1501154792 Belgrade Radio Belgrade Network in Serbo-Croatian 1400 GMT 15 Jan 92

["Text" of letter sent by Milan Babic, president of the Republic of Serbian Krajina, to UN Secretary General Butrus Ghali; read by Babic to journalists in Knin on 15 January—recorded]

[Text] Your Excellency, we deeply appreciate your efforts to find a peaceful solution to the current armed conflict in Yugoslavia between Croatia—which has carried out aggression against the Republic of Serbian Krajina—and the Republic of Serbian Krajina. Committed to peace and a political solution to all these questions right from the beginning, the Republic of Serbian Krajina and its organs and institutions, as well as the Serbian people as a whole, will do their utmost to prevent further victims and destruction and the extension of this senseless war.

In this sense, you and all other political factors, as well as the international community as a whole, can expect full cooperation from us, with the aim of securing permanent peace and a just solution to the conflict that has not been caused by our side in any way. We are paying the utmost attention to every effort made by the United Nations to achieve peace, as well as to your activities directed toward the same goal.

Our hope that the inalienable right to self-determination of the Serbian people in the Republic of Serbian Krajina , which is guaranteed by the UN Charter, will be fully granted and realized is quite realistic considering that you are committed to respecting the basic principles of the United Nations, which you head during this term of office. We could not imagine any other way for you to behave.

Therefore, with gratitude for your work and involvement so far, we expect that you will persevere in defending the basic principles of the UN Charter, which at the same time represents the defense of our basic existential and political rights, the right to self-determination and self-defense.

To broaden the possible framework of the proposals and solutions that will lead toward a peaceful settlement of the crisis—which has assumed the worst possible form, a war, and which is local today but could become global tomorrow—and, in this way demonstrate in deeds our commitment to peace rather than war, we propose a conference of the powers that were victors in World War II—the United States, the Russian Federation, that is to say the former USSR, Great Britain, and France. At this conference, all outstanding questions would be thoroughly discussed and a just delineation between the Republic of Serbian Krajina and Croatia would be carried out, thus putting an end to the war.

We propose this because [words indistinct] current conflict [passage indistinct] disrespecting the will of the people. Therefore, we think that the involvement of the powers victorious in World War II,in a way that would consider the will of the people and their right to self-determination, would be the best way to stop the conflict that was—let us once again point out—caused by outstanding questions dating back to World War II and the period immediately after it, and at the same time it would prevent the possibility of a new and bigger conflict breaking out with unforeseeable consequences.

Convinced that you will consider our initiative with care and understanding and that you will persevere in establishing and preserving world peace and just actions, we extend our cordial greetings.

Hadzic: Slavonian Serbs Reject Croatian State

AU1601154992 Belgrade Radio Belgrade Network in Serbo-Croatian 1400 GMT 16 Jan 92

[Text] If the states of Yugoslavia and Serbia fail to protect the Serbian people in Slavonia, Baranja, and western Srem, these people will fight by themselves. They are never going to live in any sort of Republic of Croatia. This is what Goran Hadzic, prime minister of this Serbian region, said in Erdut on the occasion of the recognition of Croatia by some European countries. Hadzic made this statement to Belgrade Radio, but he was even more specific in a statement to Novi Sad DNEVNIK, stressing that he was astonished by the poor foreign policy of Serbia, above all, by the fait accompli, and the inability of predicting such a course of events.

At the same time, peace initiatives in the northern part of the eastern Slavonian battlefield have continued. Representatives of the Yugoslav People's Army have met Croatian paramilitary representatives in the presence of EC observers in Sarvas, several kilometers from Osijek. After this meeting, which was held behind closed doors, the head of the observers mission, [name indistinct], said that both sides are interested in peace and in establishing a so-called hot line between Osijek and Sarvas, like the one between Vinkovci and Mirkovci. This was also confirmed by Colonel Radoman Branislav, the Army representative.

This two-hour meeting also served as an occasion for talks on establishing permanent contacts with a view to preventing clashes and truce violations in Baranja. Both sides are interested in this, but there are problems, mainly of a technical nature, said the head of the EC observers group.

Tudjman Asks World Jewish Council Leader to Help

AU1601115292 Vienna DER STANDARD in German 16 Jan 92 p 23

["Slightly abridged version" of letter from Croatian President Franjo Tudjman to World Jewish Council President Edgar Bronfman; "published in nearly all Zagreb dailies on 14 January": "I Ask You for Help"]

[Text] In this letter, I ask you to help establish a new democratic and independent Republic of Croatia. I hope that the Jewish people will understand and support us. Our efforts are similar to the long efforts of the Jewish people to implement their right to a state of their own, which was accepted by the world as late as in 1948 with the proclamation of the State of Israel. The 1000-year-old dream of the Jewish people that was embodied in the state of Israel was accompanied by immense suffering and persecutions that tragically culminated in World War II.

In most European countries, including Croatia, the Jewish community, which made an invaluable contribution to the culture, the economy, and the public and intellectual life of our country, had to mourn victims. About 300,000 Croatian citizens—members of the Croatian, Serbian, Jewish, and other peoples—fell prey to fascism and Nazism.

The Ustasha regime of the independent state of Croatia committed numerous crimes against humanity. It was a regime that, with the support of the Nazi occupation, persecuted members of Jewish and other populations, as well as political opponents among the Croatian people, in a most brutal way. Because of these crimes, it suffered the same historical fate as its protector. However, an overwhelming number of Croatians, including myself, rose in a struggle against the terrorist Ustasha regime.

We deeply regret that the Jewish people on Croatian territory also became victims of the tragic holocaust during World War II. However, the Croatian people showed solidarity with the victims in this difficult situation. There are numerous examples of direct help that the population and the church in Croatia provided to Jews.

As an historian, I devoted numerous pages in my books to the horrors of persecution that the Jewish people also suffered in recent history. To my deep regret, parts of the book "Wrong Paths of the Historical Truth" have maliciously been interpreted as revisionism or even anti-Semitism. As a former antifascist fighter and convinced democrat, I emphatically reject these allegations.

The attitude of a democratic Croatia toward the Jewish community and the participation of the Jewish community in numerous activities to alleviate the consequences of the war against my country show the correctness of my view. There is increasing understanding for this in the world, and well-known intellectuals like Alain Finkielkraut and Andre Glucksman strongly advocate Croatia's inalienable right to independence. In addition, numerous Jews and Jewish organizations are providing help to a Croatia destroyed by the war.

The constitution of the Republic of Croatia and the constitutional law on ethnic groups and national minorities guarantees comprehensive development and progress for the minorities and citizens, and their complete protection. The Jewish community in Croatia will continue to enjoy all religious and national rights as in the past. The reconstruction of the synagogue in Zagreb, which was destroyed by the Ustasha regime, was started at the initiative of the Croatian authorities and at my suggestion.

Because of the fact that Jews play an important role in Croatia's public life, we would like to have comprehensive relations in all spheres with the state of Israel. I am convinced that the friendship among our peoples will contribute to a better and new international order. Thus, I hope that you will support my country, my people, and all citizens of Croatia in their struggle for peace, freedom, independence, and democracy.

[Signed] Franjo Tudjman

Article Views 'Deceit' of New Law on Minorities

92BA0349A Belgrade POLITIKA in Serbo-Croatian 22 Dec 91 p 8

[Article by Radoje Arsenic: "Croatian Political Crossroads: Serb Autonomy as Deceit"—first paragraph is POLITIKA introduction]

[Text] In order to diminish as much as possible the autonomy of Serbs in Croatia—which Croatia was forced to enact into law under EC pressure—the term "area" in the Hague Convention has been translated as "opstina," so that there are no plans in Croatia for any sort of regional autonomy, but rather autonomy (primarily cultural in nature) reduced to the level of the 11 opstinas with a Serb majority. The law was enacted without the involvement of the nation to which it relates.

Zagreb, 21 Dec—The recently adopted law on minorities in Croatia—or as it is called, the Constitutional Law on Human Rights and Liberties and the Rights of Ethnic and National Communities or Minorities in the Republic of Croatia—should be Croatia's final entry ticket into the great community of independent states. At least that is how it is being depicted here, so that one must seek an answer to the question of why it in fact took the shape that it did instead of the shape that many perhaps naively expected.

Instead of guaranteeing the political and territorial autonomy of the Serbian nation in Croatia in regions where it constitutes a majority of the population, the law in question has for the most part reduced the agreement in principle from The Hague down to a form of cultural autonomy that goes without saying in any democratic and cultured state of the developed West.

In addition, there is no mention of any sort of autonomous region or province, while all the promised "autonomy" has been reduced to the opstina level, which falls far short of the European standard currently being cited so insistently by the authors of that document. Moreover, the authorities of the opstinas in the former system were significantly greater than those now guaranteed to

opstinas "with special status," as the 11 opstinas with a Serb majority, to which the law in question would apply, are called.

Warning by Lord Carrington

The fact that this law on minority rights is not really adequate is also indicated by the unambiguous warning by Lord Carrington from his recent meeting with Tudjman in Graz, which was confirmed by Tudjman himself, who said that Carrington "warned that there are certain differences between our legal settlement and that which was provided for in the plan for resolving the Yugoslav crisis."

That warning was in any case persistently "overlooked" by the Zagreb press, while the law in question is presented as the highest achievement of democracy. Even more progressive than the solution for autonomy in the Italian Southern Tirol, which was allegedly the model for this law in Croatia.

This matter, however, is a far cry from the Southern Tirol solution, if for no other reason because in Italy there is an autonomous region (comprising autonomous districts), while in Croatia this autonomy has been reduced to the opstina level.

To make things worse, this solution in Croatia was arrived at consciously—judging by all indications, in order to diminish as much as possible the autonomous rights of the Serbian nation (which, moreover, the new Croatian regime has "promoted" to the status of national minority, which is the main cause of the rebellion by that nation), while to that end a falsification was even carried out when translating one of the key terms in the Hague Convention on resolving the Yugoslav crisis.

Specifically, the word "area" (which means "area" [prostor] or "region" [oblast]) is translated in the Croatian law as "opstina," so that there are no plans here for autonomous regions, much less provinces, but rather opstinas with a majority Serb population, and thus divided into the 11 such opstinas. In contrast, Italy's Southern Tirol is called an autonomous region, which only confirms the manner in which that solution was actually applied to the situation in Croatia.

The fact that the term "area" was in fact translated in this way was recently revealed in a slip of the tongue on television by Prof. Dr. Zvonimir Lerotic (an adviser to President Tudjman), who tried unconvincingly to explain how our term, "opstina," is the best counterpart to the term "area" in the Hague document. The fact that "opstina" is clearly inappropriate (naturally in the Croatian translation and usage) is confirmed by these words from the one Serb in the Croatian government—Zivko Juzbasic, in an interview with DANAS:

"Before it was a adopted, that law was examined by a professor of constitutional law from Bonn, and he had only one remark: He believed that the special status of the 11 opstinas with a predominant Serb population should be elevated to a form of regional autonomy, with kotars or zupanijas. Given the fact that our opstinas are large—they are former kotars—he accepted our viewpoint as a real possibility."

Role of One Serb in Croatian Government

This is an indirect indication of the actual role played by the one Serb in Tudjman's government in the negotiations in The Hague—to show through him that not even the Serbs themselves want some sort of autonomous region, i.e., province. Moreover, in the same interview Juzbasic himself does not hide his real position on this question:

"I believe that any type of autonomy, regardless of what it is called, is a type of ghetto, especially when you are talking about such impoverished, undeveloped opstinas, far removed from communication and from major centers," he says.

Naturally, nothing of the kind will be heard from representatives of the Croatian government with regard to the Albanians, because—as Vice Prime Minister Prof. Zdravko Tomac (a former communist functionary) recently said from the speaker's rostrum in the Croatian Assembly—"Kosovo is rightly seeking its own republic."

So this is how the political position of the Serbian nation in Croatia looks today, and the situation with the "law on minorities" is just further confirmation of the fact that in present-day Croatia there is neither any sincere desire nor any intention to accept Serbs as a free and equal nation, a status that they have enjoyed here for generations, up until the recent change in the political regime.

The fact that legitimate representatives of the Serbian nation in Croatia did not even participate in the formulation and adoption of this law is only an additional argument for why it is easily understandable that this document does not enjoy even minimal support from the "Serb opstinas" in Croatia. However, all of this taken together would not seem important if it were not for the fact that some sort of law had to be adopted simply in order to satisfy the formality on the basis of which the great promotor of Croatian independence—the new, greater Germany—would be able to say that all conditions for recognizing an independent Croatian state had been met.

This is exactly what is happening, and the extent to which it has been an irresponsible task and a typical example of settling affairs without consulting those affected is indicated by the fact that this law has not even minimally contributed to at least a mitigation of the present-day, tragic interethnic situation and wartime clashes in Croatia. Moreover, it will make them even worse.

Positioning, Strength of Armed Forces Viewed

92BA0342A Belgrade POLITIKA in Serbo-Croatian 22 Dec 91 p 7

[Article by Radovan Pavlovic: "Where Is the Front Now?"]

[Text] "Croatia is wounded, even a bit amputated. It is easy to see on a map that Croatia's 'soft belly' has been attacked, there where the territory is shallowest." That is the way Croatian military analysts spoke in early August, beating all the war drums to say that a fifth of Croatian territory had been caught up in the winds of war. Or, still more precisely, the area of regions caught up in war, cut off and insecure in other ways and not under control of the Croatian government amounted to 18.5 percent of Croatia.

Then followed operations of units of the JNA [Yugoslav People's Army] and TO [Territorial Defense], and the picture on the front changed altogether. First, the "Croatian Alamo" (Kijevo) fell. Local commands of the Croatian army pounded the table with their fists in vain, threatening more themselves than the enemy that Petrinja was and would remain Croatia. Then came the fall of Vukovar—the Croatian symbol, which opened the "Slavonian door" for penetration of the army, which established control over the line of Baranja, Osijek, Vinkovci, and Nijemci. With these operations, the forces of the federal Army, with the support of TO units and volunteers, achieved their objectives—protection of the Serbian population in those areas, removal of the blockade of military facilities, and the disarming of paramilitary formations.

50,000 Soldiers Committed

However, the Croatian armed forces are not reconciled to the situation on the northern front, as the JNA treats the positions taken, and every day with artillery fire and infiltration of commando groups they attempt to "sever" the line of the front. Baranja is a bone stuck in their throat, and they try to get it back with constant provocations, in particular by infiltrating fresh forces from Hungary. Well-informed sources say that the Croatian armed forces have committed about 50,000 soldiers along the line of the northern front (about 150 km).

While the situation is crystal clear on the northern front, the Croatian army lacks sufficient forces for a very serious operation, and the JNA is holding firmly the positions it has taken, on the western front, which stretches over about 650 km, fierce strikes of the opposing sides are anticipated.

Strong army forces are concentrated there, and the enemy has brought up to the front line about 65,000 soldiers, because the danger threatens that a breakthrough of JNA units from the "high scale" of the western front, from the suburbs of Karlovac to Vinica in Slavonia, would cut Croatian territory in two.

As a matter of fact, army forces are at the moment in the suburbs of Karlovac and it is only some 10 km or so to Vinica and about 15 km to Metlika. This would utterly threaten the "Croatian belly." For that reason, in the assessment of military sources, Croatian forces are grouping their units in the region of western Slavonia, Banija, Kordun, and Lika in order to commence a broad-scale offensive. In that action, they expect support of Croatian forces from the Cazin district in order to open a front on the border of Bosnia-Hercegovina and the SAO [Serbian Autonomous Oblast] Krajina. The ultimate objective, as conceived by the General Staff of the Croatian army, is an ethnic purge of this area and creation of the proper conditions in case of the arrival of the "blue helmets."

Passivity of the Serbs in Croatia

Does the Croatian army have sufficient personnel for this operation? Because a large number of military facilities have been moved out of Croatia, the Croatian army need not commit certain forces to blockade of garrisons, so it is expected that a large portion of that potential will be "thrown into the fire" on the front north of the Sava. According to certain assessments, there are 25,000 armed men in Zagreb who up to now have been "keeping an eye" on military facilities, but might be sent to the western front.

The factor that is favorable to the Croatian armed forces at the moment is that the Serbs are not fully involved in defense of their homes in the crisis areas. We have learned from well-informed sources that on all three fronts there are about 120,000 people capable of shouldering a rifle, and only between 23,000 and 27,000 of them have been involved in combat. The rest have either sought asylum in Serbia or are peacefully watching the outcome of the war, waiting for reservists from Serbia to protect them from an Ustasha pogrom. For example, the population in the area between the northern and western fronts alone contains about 25,000 men able to fight, but only 6,000 are helping JNA units. During the almost five months that war has been waged in this part of Croatia, there has not been a single act of sabotage, nor a commando raid, and so the Croatian army is calmly marshaling its forces for an attack on the positions of JNA units.

And precisely in that section of the front, along the line of Novska, Pakrac, Daruvar, and Podravska Slatina, the JNA does not have sufficient forces to break into western Slavonia and for its units to link up with soldiers holding the lines of the northern front, so that in that way they would surround the Home Guards and ZNG [National Guard Corps].

The southern branch of the western front, more precisely the area around Zadar and Sibenik, is a great handicap for Croatian strategists. The reaching of Karin Lake and possession of the Adriatic Highway, especially near the Maslenica Bridge, has reduced communications between southern and central Croatia to a disturbing minimum.

The destruction of the Maslenica Bridge, which had exceptional strategic importance to the Croatian armed forces, severed land communications with southern Dalmatia. For all practical purposes, Zagreb cannot control what happens on the southern front, including the battlefield around Dubrovnik, where the line of the conflict is about 50 km long. The situation is not rosy at all for Croatia when we realize that by reaching the sea at Ston the army has turned the Dubrovnik battlefield into an "appendix." For Croatia, the southern front has become a "pocket" in which about 15,000 of its soldiers are cut off. The JNA can, of course, decide the situation to its advantage on the southern front by any action of any seriousness. However, the objective of its presence in this part of the theater is not an attack on Dubrovnik. The federal Army is merely responding to the constant attacks, and it is precisely in these areas that it has suffered high casualties.

Croatia has committed about 160,000 soldiers on all three fronts, members of the National Guard Corps, the Ministry of Internal Affairs, and Home Guard units, and it can mobilize additional forces in the same number. Assuming, of course, that a sufficient number of weapons are secured; their purchase is expected when international recognition comes.

Basic Economic Policy for Early 1992 Discussed

92BA0335A Zagreb VJESNIK in Serbo-Croatian 29 Dec 91 p 1

[Unattributed article: "Proposed Basis of Economic Policy"]

[Text] At the end of the old year and beginning of the new, Croatia finds itself under very unfavorable circumstances—armed conflicts have spread over 59 percent of the territory of the republic, where 60 percent of the population lives; the region of extensive devastation from the war covers 30 percent of the area with 25 percent of the total population and 24 percent of the employed labor force, producing 23 percent of the gross income of the Croatian economy. The damage from devastation of the war is estimated at about $17.5 billion. Industrial production has been declining month after month, and in October was at a level 44 percent lower than the average for 1990, while in the third quarter of 1991 the social product was about 20 percent less than in 1990. The drop in production is accompanied by a decline in productivity, foreign exchange reserves are exhausted, unemployment is rising (in late September there were 272,632 unemployed), and the number of people driven from their homes has exceeded 500,000.

The first task in overcoming the unfavorable situation is to obtain at least $1 billion in fresh capital from abroad and also to commit the funds of individuals (loans, sale of housing units). The only possibility for production is to make fuller use of capacities which have not been damaged. It is estimated that it could increase in every quarter of 1992 by an average rate of about 6 percent over the previous quarter. Invigoration is particularly anticipated in construction, trade, and that segment of industry producing consumer goods. Agriculture will have difficulties, but also the incentives already in place (selective credits, premiums, rebates). In the first quarter, plans call for exporting $540 million worth of goods to the convertible market, while imports of $900 million are planned. Revenues from services are expected at $195 million and expenditures at $180 million. The policy governing public revenues and expenditures is aimed at maximum growth of revenues (new taxes, increases of existing taxes, tighter tax discipline, loans, and sale of housing units), while consumption would be curtailed on the expenditure side (curtailment of investments, limitation of hiring by all budget-financed institutions, and their wages and salaries will not rise). The question is whether the rise of prices will be slowed (by price controls and other measures), which is one of the important tasks, so that the average price increase of 25 percent at the end of 1991 is restrained so that the January increase is only 12 percent, the February increase 10 percent, and the increase in March a maximum of 7 percent.

Article Views Measures To Sustain Economy in War

92BA0335C Zagreb VECERNJI LIST in Serbo-Croatian 29 Dec 91 p 1

[Unattributed article based on statement by Jurica Pavelic, deputy prime minister of the Republic of Croatia: "The Market Even Under Wartime Conditions"]

[Text] The war environment in which Croatia is bidding farewell to the 1991 business year and entering 1992 is made up of human casualties which cannot be measured by any standard, property damage in the amount of $18.5 billion, a 40-percent drop in industrial output, and a 30-percent drop in the social product, Jurica Pavelic, deputy prime minister, said yesterday in speaking about the economic foundations as the passage is made from the old year to the new.

Even under these difficult conditions, the government is taking combined measures of economic policy in an effort to retain the market system even under wartime conditions. Nevertheless, if internal macroeconomic disequilibriums are to be overcome, the only real solution is an inflow of fresh foreign capital as soon as possible. We are not referring just to humanitarian assistance, but also to economic aid. Favorable foreign credits and a moratorium on debts are a more favorable alternative for maintaining the market instead of going to a command economy.

We need to prevent hyperinflation, to keep from threatening the subsistence of any citizen, to distribute the costs of the war in a socially and economically more

uniform way, and to abide by market criteria and mechanisms for economic stimulation.

Economic goals can be achieved provided the creditor governments (the so-called Paris Club) agree to rescheduling obligations in the amount of $434 million coming due in 1992 and we obtain $323 million in cash and $200 million in commodity credits. We also anticipate $500 million in cash to finance imports of goods and humanitarian aid, and the floating of a patriotic loan and sale of housing for foreign exchange at a discount will bring in another $600 million.

However, because all of that is not sufficient to reduce the immense deficit in the public sector from $2 billion to $1 billion, a reduction of the rights of all beneficiaries of the budget is proposed. Certain government obligations, for example, those arising out of deposited savings, are being postponed and turned into public debt. At the same time, a growth of fiscal revenues is anticipated thanks to higher tax rates and a broader tax bite.

The republic budget for the first quarter of next year has been reduced to 14 percent of the original projection. Accordingly, the wages and salaries of beneficiaries of the budget are being frozen at the level of November 1991 and material costs may increase to a level which is 25 percent lower than the rate of inflation. At the same time, the number of activities being financed from the budget must be reduced 10 percent by the end of the year (except in cases justified on the basis of a program for economy and improved efficiency). All investments are being discontinued except necessary repairs and work to put projects and equipment in operation, and for construction of the National and University Library. Supplemental funds to opcinas are being fixed at a level of provisional rates of 6 percent of the opcina tax on worker salaries and 15 percent of the tax on income from farming. Entitlements in the area of old-age and disability insurance are being reviewed, and throughout the entire area of the social services not a single additional entitlement is to be introduced unless sources of financing have been provided.

The republic's credit obligations for "Jadran" of Obrovac and obligations which will be carried over from the former SFRY will be met with bank credit.

The revenues of the public sector in the first quarter are based on an increase in taxes on net wages and salaries and other personal earnings at progressive rates from 4.5 percent of wages and salaries and pensions less than 10,000 CRD [Croatian dinars], to a rate of 70 percent on wages and salaries and pensions exceeding CRD70,000, and on taxation of the gross income of individuals exceeding twice the amount of the average wage or salary.

In connection with the taxation of petroleum products, it is proposed that the supplemental turnover tax be abolished and at the same time the rate of the regular turnover tax be increased. The rates of the turnover tax are being raised from 50 to 60 percent on all types of imported cigarettes, cigarettes manufactured under license, and "extra"-quality cigarettes, and an additional tax of 10 dinars per pack is being introduced on cigarettes of this kind, while the tax for all others will be 1 dinar per pack.

Tax rates on private automobiles are also being raised: The tax rate is being raised from 20 to 30 percent on automobiles up to 1,800 cc, and from 40 to 50 percent on automobiles with higher displacement.

The rate of the turnover tax on products of gold and silver and other luxury goods is being raised from 60 to 90 percent, and the rate of the tax is being lowered from 5 to 1 percent on soap, creams, shaving cream, toilet paper, etc.

The unconditional exemption from the turnover tax is being extended to agricultural machines, primary cultivation of land, organic and chemical fertilizer, chemicals for plant pest and disease control, and livestock feed.

Enterprises, banks, other financial institutions, and other juridical persons engaged in business activity are required to subscribe to the loan to finance the republic budget in 1992 at a level of 50 percent of depreciation. The loan is paid in over three years at 1-percent interest.

The government judges that price controls need to be retained on the so-called subsistence market basket. This includes bread, milk, salt, sugar, vegetable oil, certain categories of meat, drugs, municipal gas, residual fuel oil, coal for households, and electricity. The movement of prices of municipal transportation, water, and rent will also be monitored.

A special area of economic policy pertains to protection of the indigent population. Croatia is not in a position to guarantee employment to every citizen at present, but it can and must provide the subsistence minimum—food, housing, clothing, footwear, and basic health care.

[Box, p 1]

Payments Traffic

The government also adopted a decree on payments traffic with other republics of the former SFRY terminating the manner in which transactions were previously conducted through the Social Accounting Service. The Croatian government has offered the governments of Bosnia-Hercegovina and Macedonia separate payments agreements according to the same principles that apply between Croatia and Slovenia.

[Box, p 1]

"Old" Foreign Exchange

Croatia has found a solution to the so-called "old" foreign exchange savings with the decree turning the foreign exchange bank balances of individuals into public debt. Croatia will issue to the banks its own bonds

for this purpose; they will be paid off in 20 semiannual installments, the first of which comes due on 30 June 1995.

Total foreign exchange savings of individuals in Croatia, old and new—amount to about $3 billion. Of this, $2.2 billion are deposited in banks headquartered in our republic, and $800 million in branches of banks with headquarters abroad.

The bonds which the republic will issue are negotiable, they are made out to the bearer, they are denominated in German marks, and they will be paid in the domicile currency at the exchange rate in effect on the date of payment.

The Republic of Croatia guarantees that foreign exchange savings will be paid off according to this schedule.

Under the decree transforming foreign exchange bank balances, individuals can replace their foreign exchange balances with the bonds, with which, beginning on 1 December 1992, they can purchase socially owned housing units, and before that date they can be used to purchase shares of stock and participation in enterprises from the Croatian Development Fund.

If an individual has less than 100 German marks in his foreign exchange account or passbook savings account (about 70 percent of savers are in this category), at his request he will be paid the equivalent value in dinars at the exchange rate in effect on the date of payment.

Serbia

Bozovic Comments on EC Recognition Decisions

AU1601145792 Belgrade Radio Belgrade Network in Serbo-Croatian 1400 GMT 16 Jan 92

[Text] The EC will bear concrete responsibility for possible consequences of the premature recognition of Slovenia and Croatia. This was stated by Radoman Bozovic, president of the Government of the Republic of Serbia, at a news conference. The stand of the Government of the Republic of Serbia is that the recognition of these republics cannot endanger the continuity of Yugoslavia. Marinela Razanjatovic reports:

[Begin Razanjatovic recording] The recognition jeopardizes the peace that has just been established, especially if Croatia understands it as an opportunity to discipline the Serbian people on the territories of Krajina with force, Serbian Prime Minister Radoman Bozovic said. In this case, the concrete responsibility for the consequences will be borne by the EC.

According to Bozovic, the road between paper and real recognition is a long one. One must also take into account the actual situation whereby the sovereign people on the territory of the Krajinas are the people who actually live there. Considering the fact that the EC has accepted Croatia's secession from Yugoslavia and its independence, a solution for the Krajinas, Bozovic said, is either for Croatia to grant the Serbian people the right to choose which state they want to live in or to prevent them from doing so by aggression.

Asked to explain the statement by Slobodan Milosevic that the war has been settled [resen], Bozovic said that this was said on the basis of Cyrus Vance's plan, which prevents the use of force to suppress the Krajinas by force. As regards Yugoslavia, the view of the Government of the Republic of Serbia is that the recognition of Croatia and Slovenia cannot endanger the continuity of Yugoslavia. Therefore, according to Bozovic, the statements by some EC countries that there will be no changes in relation to Yugoslavia are encouraging. The right of some republics to remain in Yugoslavia will, therefore, have to be accepted as a fact.

Speaking about the concept of a new Yugoslavia, Bozovic said that this Yugoslavia would take the shape mainly advocated by Serbia, Montenegro, and the Serbian people in Bosnia-Hercegovina. One should also expect the Muslim people and the Macedonians to join. We are talking about a modern, law-governed state adhering to European standards.

He was then asked whether a referendum on the reconstruction of Yugoslavia will be held in Serbia. Serbian Prime Minister Radoman Bozovic did not give a concrete and clear answer, although he favors the idea of testing the will of the people. [end recording]

Radical Party Calls For New Federal State

AU1601161092 Belgrade Radio Belgrade Network in Serbo-Croatian 1400 GMT 16 Jan 92

[Text] Following the latest decision by the EC, the SFRY Presidency should adopt a decision to recognize Slovenia and insist on the drawing up of a final settlement of accounts. This was stated by Vojislav Seselj at a news conference organized by the Serbian Radical Party. Radovan Pantovic reports:

[Pantovic] The decision by the EC to recognize Slovenia and Croatia offers the SFRY Presidency and federal organs the opportunity to carry out a more active and more offensive policy. In addition to recognizing Slovenia, Vojislav Seselj said, the SFRY Presidency could also recognize Croatia, but within the Karlobag-Karlovac-Virovitica borders. He thinks that diplomatic relations with Bulgaria should be broken off immediately, because Bulgaria recognized Bosnia-Hercegovina and Macedonia. The whole process of recognizing Croatia and Slovenia as independent states should not be seen as a tragedy, Seselj stressed, because all this could mean the acceleration of the process of solving the Yugoslav crisis.

Therefore, the initiative for setting up the third Yugoslavia should be speeded up. In other words, we should convene a constituent assembly, and then hold federal

elections in the remaining part of Yugoslavia. According to what the Serbian Radical Party has learned, the U.S. Administration is interested in the preservation of a truncated Yugoslavia. It appears, Seselj claimed, that such a community would also be supported by the EC. He claimed that the latest statements by some German, British, and French politicians are a proof of that.

Answering the question whether Serbian interests in Croatia would be more difficult to defend in the new situation, Seselj said:

[Begin Seselj recording] We think that, on the one hand, they are perhaps more difficult to defend, and on the other perhaps easier to defend. We now know where we stand. Now that Croatia and Slovenia have been granted independence, no one can force the Serbian people to live in their states because the principle of self-determination also applies to the Serbian people in something that was the Croatian federal unit until yesterday. [end recording]

[Pantovic] The Serbian Radical Party, as stated at the conference, also welcomes the moderation of political misunderstandings between the leadership of the Serbian Krajina and the Republic of Serbia and demands that the leaderships and the ruling parties of these two Serbian states meet as soon as possible and exchange views.

Defense Ministry Informs Assembly on Prisoners

LD1501174292 Belgrade TANJUG Domestic Service in Serbo-Croatian 1256 GMT 15 Jan 92

[Excerpt] Belgrade, 15 Jan (TANJUG)—All the Yugoslav People's Army [JNA] barracks and other military facilities in Croatia have been deblockaded, and the personnel, equipment, and weaponry have been removed from them into other parts of the country.

However, as it is stressed in the reply to Deputy Djordje Bozovic's question, which the Serbian Ministry of National Defense sent to the republic Assembly, there are still several hundred illegally detained soldiers and officers of the JNA in Croatia, while in the prison camps of the Army, there are three times as many captured Croatian combatants.

In the reply to the deputy's question, it was also stressed that talks on the exchange of the remaining prisoners were in progress. [passage omitted]

Tirana Radio Reports Police Raid on Kosuric

AU1501211992 Tirana Radio Tirana Network in Albanian 1900 GMT 15 Jan 92

[Text] Enver Maloku, spokesman of the Kosovo Democratic Alliance's [LDK] Information Center, reports that large police forces surrounded and entered the village of Kosuric near Pec at 0800 today. The police raided the families of Musa Rrahmani, the LDK sub-branch's deputy chairman, and of the secretary of sub-branch of the Kosovo Parliamentary Party. The police left both families with summons to appear at Pec police station. The police raided the houses of Hamdi Gashi and Bajram and Bec Kelmendi, and maltreated village Imam Ali Hoxha and 65-year-old Hajdar Kelmendi.

Mr. Maloku points out that, following the referendum for Kosovo as a sovereign and independent state, the police have raided more than 60 families in this village and have arrested 77 people, including activists of political parties. The police beat Isa Gashi and Ismet Rrahmani, chairmen of the sub-branches of the LDK and the Kosovo Parliamentary Party, claiming that they had brought weapons to the village from Pristina. According to comments by the police, the village was surrounded today because weapons had been sent there by the LDK Presidium.

Meanwhile, the international public has been informed that the Albanian political parties, including the LDK, aim both in their programs and in practice at solving problems in a peaceful way and through dialogue. Mr. Maloku stressed that activists of the political parties and many villagers have abandoned the village because of the Serbian police's incessant violence. In this way, the Serbian police are doing everything to empty Kosovo of Albanians and to paralyze all political life. The Serbian police have acted in the same way in other villages.

SDA Activists Implicated in Arms Smuggling

AU1401195392 Belgrade Radio Belgrade Network in Serbo-Croatian 1400 GMT 14 Jan 92

[Text] At the news conference of the Party of Democratic Action [SDA] for Serbia, party leader Sulejman Ugljanin, as we have reported, accused the ruling party [Serbian Socialist Party] of creating a police state. The reason for this was the police search of houses belonging to two Novi Pazar residents, carried out after the SDA meeting held under the slogan, Voice for Peace. It was only today that it became clear what actually happened, after the names of the protagonists in the large-scale smuggling of arms from Bosnia to Serbia were made public. Biljana Dumic from Novi Pazar Radio reports:

[Begin Dumic recording] The reports that hidden weapons were found on the Zenica Autotransport bus, which was traveling the Sarajevo-Novi Pazar route, and that Rifat Kacar and Jusuf Beciragic were detained on a well-grounded suspicion of possessing weapons, cast a new light on the 11 January incident in Novi Pazar.

At the news conference, SDA President Ugljanin and Deputies Alija Mahmutovic and Riza Gruda accused the Novi Pazar Secretariat of Internal Affairs of an unauthorized search of two houses in Novi Pazar. It was proved that the houses belonged to Rifat Kacar and Jusuf Beciragic, suspected of illegally possessing weapons. Kacar and Beciragic are SDA activists.

Deputies Gruda and Mahmutovic on Sunday tried to take advantage of their deputies' immunity Sunday and prevent police from searching the houses. They then

tried to present the incident as police terrorism against innocent citizens. Nobody can accuse the deputies and the SDA leader of knowing about the illegal activities their proteges were involved in, but this cannot absolve them of their responsibility for protecting the smugglers.

An investigation will prove for whom the smuggled weapons were intended. The involvement of the SDA activists in this affair, however, does not match their recent appeals for peace and demands that Sandzak be declared a demilitarized zone without army or police. [end recording]

Jovanovic Considers Form of Future SFRY

92BA0309C Belgrade POLITIKA in Serbo-Croatian 26 Dec 91 p 7

[Article by Slobodan Kljakic: "The Kind of State That Is Being Prepared for Us"]

[Text] Recalling the essential dates in the history of Serbian statehood, republic Foreign Minister Vladislav Jovanovic wrote the following in his letter to Hans van den Broek, who is chairing the EC Ministerial Council:

"Serbia recognizes Yugoslavia as a joint state in which the Serbian people lives. It has not proclaimed sovereignty and independence from Yugoslavia and is not interested in achieving secessionism in relation to it."

As Minister Jovanovic emphasized in his letter, the Serbian people still includes Yugoslavia in its reckoning. In that reckoning, the Serbs, along with all those who want to remain in Yugoslavia, are today confronted with the issue of what kind of state is being prepared for us anyway.

The Belgrade Initiative

In an effort to offer at least certain contributions to that question, it is not out of the way to recall certain essential facts from past months.

During the summer (12 August), the top representatives of Serbia, Montenegro, and Bosnia-Hercegovina [B-H] launched the so-called Belgrade initiative at a meeting in Belgrade, and then after their second meeting (16 September) formulated a document entitled "Bases for Regulating Relations in Yugoslavia."

As stated in that document, it "expresses the interest and desire of the peoples and citizens of Bosnia-Hercegovina, Serbia, and Montenegro and indeed of other republics and all the Yugoslav nationalities to continue to live in Yugoslavia as a joint state."

There are others, it is well known, who had no such desire, and so the authorities in Croatia, for instance, on 7 October severed all ties with the SFRY.

The National Assembly of the Republic of Serbia adopted the Belgrade initiative in a session on 27 September, committing itself to the solutions defined by that initiative.

The reference is to the unified territory of Yugoslavia, the inviolability of its borders, the alteration of internal borders by mutual treaties, the Yugoslav Army as the joint armed force, and, in addition, the opportunity of peoples or republics to leave Yugoslavia, but in the manner set forth in the Constitution, without violating the interests of other peoples and republics.

The relations among the republics and peoples, according to this initiative, would be regulated by a new constitution that would guarantee full equality, broader political and social freedoms and civil rights, a multiparty system, the market, and also the freedom and equal treatment of all forms of ownership.

As for the common interests on which the signatories of the initiative agreed, they exist in the domain of human freedoms and rights, the unified market and monetary system, foreign affairs and defense, as well as the country's security with unified armed forces.

Yugoslavia would be a sovereign state within the areas of authority assigned to it, while at the same time the republics making it up would have broad rights and independence. The republics would independently adopt their own constitutions and other regulations, they would develop their mutual relations and conclude international agreements, but not such that they are detrimental to the others.

Initiative of the SDS

Immediately after this initiative was adopted by the National Assembly of the Republic of Croatia, a decision on sovereignty was voted through in B-H (14 October), which was done against the will of the Serbian people in that republic, and a plebiscite of the Serbs in B-H was scheduled (10 November) in which representatives of that people voted to remain in Yugoslavia with the peoples and republics which want to continue to live in it.

Various efforts have been made in the search for solutions and new formulas, and the SDS [Serbian Democratic Party] released its own "Proposal for Reflection" (1 October), in which it presented the "minimum" that would not threaten the existence of the Serbian people in B-H. It was proposed that B-H be an integral and equal republic of the three constituent and sovereign nationalities and citizens and would be equal with the other federal units in Yugoslavia as the joint state of the equal peoples and republics.

One of the versions of this proposal even envisaged organization of Bosnia and Hercegovina on a regional basis, that is, by oblasts formed on the geographic and ethnic principle, with due respect for economic and cultural considerations. The ethnic enclaves would have

territorial autonomy, they would be equal to one another, and they would be tied in varying degrees to the federal state.

The formulation of new principles to govern the organization of the Yugoslav state continued even after that, and on 22 October the SFRY Presidency offered three versions of a future system. The first spoke of a democratic federation of equal republics and autonomous communities as separate federal units that would have a special status. The second possibility is an alliance of independent and sovereign republics, and the third version is a confederal alliance of sovereign states.

Even at that time events were vividly demonstrating that Bosnia-Hercegovina is at the center of opposing interests; on 23 October, the Assembly of the Serbian Nationality of Bosnia-Hercegovina was founded in it, and the struggle for continuation of the constitutional continuity of Yugoslavia also extended to the area of foreign policy.

Thus, in The Hague Presidents Slobodan Milosevic and Momir Bulatovic, pursuing the spirit of the Belgrade initiative, proposed on 5 November an amendment to Title I of the Hague document, seeking incorporation of the option of Yugoslavia's continuity as a joint state of equal republics and the peoples who want to remain in it.

On 19 December, the SFRY Presidency noted that the Serbs in Croatia and Bosnia-Hercegovina, as a constituent nationality of the Yugoslav community, have the right to self-determination even in those two republics, as well as the right to secede if they desire to separate from Yugoslavia.

A Solution Closer and Closer

Because the Bosnia-Hercegovina government decided by a preponderance of votes to seek from the EC recognition of its independence, the Assembly of the Serbian People of Bosnia-Hercegovina decided to form a republic of the Serbian people of Bosnia and Hercegovina before 13 January 1992.

The Serbian Krajina Republic was proclaimed on 19 December. It consists of the SAO [Serbian Autonomous Oblast] Krajina and the SAO Slavonia, Baranja, and Western Srem. The Constitution of this republic also defined its borders, embracing Serbian settlements and opstinas that in a plebiscite had voted in favor of being annexed to the Krajina and of the Krajina's remaining in the Yugoslav federation.

In the search for solutions concerning the new appearance of the Yugoslav state, energies in Bosnia, above all in the SDS, have not dried up. That is, on 22 December this party adopted a proposal on B-H as a confederation with three parliaments of the three national communities and with certain joint functions, so that it would be a kind of buckle between Croatia and Serbia.

As for Montenegro, on 23 December its parliament rejected the resolution of the EC, but it is notable that those resolutions left the possibility of "loss of recognition of Yugoslavia's existence under international law," in which case "the sovereignty and existence of Montenegro under international law cannot be called into question."

When one adds it all up, it turns out that the answer to the question of what kind of state is being prepared for us still cannot be made with absolute certainty. The range of ideas and solutions proposed up to now nevertheless shows that the movement is toward one of those solutions and that it can be expected relatively soon.

Bosnia-Hercegovina

Presidency Forms Committee for UN Cooperation

LD1501192492 Belgrade TANJUG Domestic Service in Serbo-Croatian 1242 GMT 15 Jan 92

[Text] Sarajevo, 15 Jan (TANJUG)—Discussing issues connected with the arrival of UN advance units for preparing the stay of peacekeeping forces in Bosnia-Hercegovina, the Presidency of Bosnia-Hercegovina adopted at today's session the conclusion that the Government of Bosnia-Hercegovina form a special committee for cooperation with the UN representatives, a public statement from the Information Service of the Presidency of Bosnia-Hercegovina says.

At the session chaired by Alija Izetbegovic, it was proposed that the president of this committee be the president of the Government of Bosnia-Hercegovina and that the government also appoint members of this body.

The Presidency has adopted a decision on the formation of an international press center in Sarajevo.

The Presidency gave its consent to the appointment of three new members of the Constitutional Court of Bosnia-Hercegovina, replacing those whose terms are expiring. It was proposed to the Assembly of Bosnia-Hercegovina that Dr. Radomir Lukic, Dr. Mihailo Velimirovic, and Dr. Ljubomir Zovko be appointed to those posts, the statement from today's session says.

Muslim Party Official Views EC Recognition

AU1501163592 Belgrade Radio Belgrade Network in Serbo-Croatian 1400 GMT 15 Jan 92

[Text] We do not expect Bosnia-Hercegovina to be recognized in the first round or at any cost, Irfan Ajanovic said at the regular news conference at the Party of Democratic Action. Journalists were also told that Alija Izetbegovic will leave for Paris today at the invitation of Francois Mitterrand. Here is a report by Ljubomir Nikolic:

[Begin Nikolic recording] According to Irfan Ajanovic, an official decision on recognizing the Yugoslav republics will be announced only tomorrow, but it has been unofficially learned that a referendum is demanded in the case of Bosnia-Hercegovina, something for which the

Party of Democratic Action is ready. We do not expect Bosnia-Hercegovina to be recognized now, that is, in the first round or at any cost. All our republics are, in fact, sovereign and independent, and all the rest is just a technicality, Ajanovic thinks.

In reply to the question about his comment on Radovan Karadzic's statement to the Associated Press, in which he accused Alija Izetbegovic and the Party of Democratic Action of promoting Islamic fundamentalism, Irfan Ajanovic said that what is involved is an attempt to discredit them, but Europe is not going to fall for that.

Alija Izetbegovic is the only republic leader who has never been a communist and has not been tainted by Bolshevism, and our party is democratic, Ajanovic said, and added that Muslims are the only people in Yugoslavia to have abandoned their national state for the sake of a joint life with Serbs and Croats.

As regards the recent talks between Franjo Tudjman and Nikola Koljevic and the rapprochement of Bosnia-Hercegovina's Croatian Democratic Community and Serbian Democratic Party, Irfan Ajanovic said that all talks are useful and desirable, but there is no solution to the political crisis in Bosnia-Hercegovina without Muslims. We are opposed to interference from outside and to Zagreb and Belgrade getting mixed up in relations inside Bosnia- Hercegovina, but we are going to have talks with everybody and about everything, except about dividing Bosnia-Hercegovina, Irfan Ajanovic said, pointing out his party's view.

He again advocated Bosnia-Hercegovina as a civilian [gradjanski] republic, allowing for the possibility of its internal transformation. In his opinion, not a single brook, not a single village can secede from Bosnia-Hercegovina, without blood being shed and force being used. As regards the Army and its presence in the republic, it was said today that, with the calming down of the situation in the country, there is no reason to fill the Army's ranks and that, when Yugoslavia ceases to exist, its Army will do so as well.

As regards the several day visit by Vuk Draskovic to Sarajevo, people in the Party of Democratic Action consider him to be a politician whose stands have changed and, therefore, deserve this party's support.

Enes (?Peligija), spokesman for the Party of Democratic Action, informed the journalists that Alija Izetbegovic will leave for Paris today at the invitation of Francois Mitterrand. [end recording]

Montenegro

Prime Minister Urges Accord on 4-Republic State

LD1501172692 Belgrade TANJUG in English 1522 GMT 15 Jan 92

[Text] Titograd, Jan 15 (TANJUG)—Montenegrin Premier Milo Djukanovic has put forward a request that "at least four Yugoslav republics" reach an agreement to transfer some of their duties to a future joint state or an alliance of states.

Djukanovic said on Montenegrin television last night that the republican authorities "have stepped up work on creating alternative solutions" so that Montenegro could function as an independent state if such an agreement is not reached.

Asked whether Montenegro was considering the possibility of introducing its own cure, Djukanovic said "this is part of the preparations of alternative options for the functioning of the republic's economy." He, nevertheless, added that Montenegro for the time being favours the dinar as a sole means of payment in those parts of Yugoslavia which have not announced an intention to secede.

Defense Minister Babic Views Military Issues

92BA0329C Titograd POBJEDA in Serbo-Croatian 22 Dec 91 p 4

[Interview with Colonel Bozidar Babic, Montenegrin minister of national defense, by Radio Montenegro and POBJEDA; place and date not given: "Honorable Defense"]

[Text] Is there a basis for accusing Montenegro of waging war against Croatia, and does it have any particular war objectives of its own? Is Montenegro discharging its constitutional and legal obligation by offering support to the armed forces that are opposing the disintegration of Yugoslavia? Colonel Bozidar Babic, minister of national defense in the Montenegrin government, provided an answer to these and other questions for Radio Montenegro and POBJEDA.

The several months of involvement in units of the armed forces at the battle front has unambiguously confirmed the extremely patriotic attitude toward defense of the homeland, even though that homeland has not been attacked from outside, but by an internal enemy. It was objectively possible, right there at the beginning, that individuals would hesitate and vacillate about answering the call-up or flee from the front. All the stories about large-scale abandonment of the front are without basis, particularly for units manned with military registrants from Montenegro. Today, after several months of waging war, those people, although aware of the danger to their lives, are compact and firmly decided to fight as long as necessary to achieve the ultimate goals which have been set by the Supreme Command of the armed forces. The competent commands of the armed forces are taking all necessary measures to bring about increasingly favorable conditions for the conduct of combat operations, and for replacement from time to time. The fact that winter is coming is only a part of the new obligations of commands at all levels in this context.

The Position

[Question] The initiative has been taken to resolve the status of reservists and all those who have been and are now on the battlefield. Is something being done in this direction, and what has already been done?

[Babic] This is a question of regulating the material position of fighting men's families whose members have lost their lives or have been wounded in war operations, and, of course, resolving the status of fighters who have been, who are now, and who in the coming period will be on the battlefield. The basic position which has been unambiguously adopted at both the federal and republic levels is that the participation of fighters who were mobilized or who volunteered and who are carrying out missions as part of units of the armed forces of the SFRY from the beginning of the war is counted as participation in the war, and not participation on exercises, which is completely understandable. This is a very essential position taken as the point of departure in resolving the position of families of fighting men who have lost their lives or been wounded in the operations of war on the territory of Croatia and Slovenia. I emphasize this because the conditions have come about thereby for application of the Law on Basic Rights of Disabled Veterans and Families of Fighting Men Who Have Been Killed in Action.

It established the qualifying conditions for members of the families of those who have been killed in action, who have died or have disappeared under the circumstances set forth in this law, and also the conditions for attaining the status of disabled war veteran and disabled peacetime veteran.

A family receives from the competent commands lump-sum assistance and all burial costs. Members of the family of a member of the armed forces who has been killed are entitled to the family disability pension as members of the family of a fighting man who has been killed. The family of a fighting man who has been killed is also provided adequate health care. Members of the armed forces who have been engaged on missions on the territory of Slovenia and Croatia and have suffered damage to the organism because of wounds and injuries qualify under that law for recognition of the status of disabled war veteran. On that basis, they exercise all the rights to which they are entitled.

The government of Montenegro has concluded that if for whatever reason the Law on Basic Rights of Disabled Veterans and Families of Fighting Men Who Have Been Killed in Action has not been applied and the funds for these purposes have not been furnished in the federal budget, the republic will regulate this area in its own law. What is more, a statute is being prepared which will regulate matters related to settling the material position of families whose members have lost their lives (education of the children, scholarships, social welfare and child welfare, and so on).

Combat Morale

[Question] Under the present conditions, when recruits from certain republics are not answering the call to do their military service, to what extent has the involvement of voluntary units from all Montenegrin opstinas in combat operations eased the problem of mobilization?

[Babic] There are difficulties in manning units of the JNA [Yugoslav People's Army] with recruits. It is well-known that aside from Slovenia and Croatia, recruits are not being sent by Macedonia either, and to some extent they are not being sent by Bosnia-Hercegovina either. As far as mobilization goes, a high percentage of military registrants from the territory of Montenegro have answered the call of their wartime units. Simultaneously with the mobilization, there has begun an increasingly numerous enrollment of volunteers from the territory of the republic. Because several thousand have enrolled, the SSNO [Federal Secretariat for National Defense] has decided to form larger structures—volunteer brigades, which are equipped with armament and equipment in keeping with their purpose. The emergence of stronger volunteer units has made it possible for commands of the JNA to count on them as on any other operational unit. I can tell you that those units are made up of people of different ages, with a certain number of women in their ranks, they are all on the front, and they are successfully performing the tasks assigned them. These units are characterized by cohesion, combat morale, and a high degree of effort in combat.

[Box, p 4]

Decision of the People

Which is the territory and which are those peoples who want to live together in a joint state of the kind we desire? It is not possible at this moment to predict how afterward those peoples will agree on everything, including the question of their security. One thing is certain: Montenegro will act as the people decide in a referendum concerning its future. We hope and desire to live together with those who want this and desire this. It seems to me that the efforts being made by the JNA to transform itself constitute practical steps in the direction in which we should develop our joint armed force.

[Box, p 4]

Clear Objectives

Several months have now passed since operations began in the broad area of the Dubrovnik region. It is well known that in addition to the peacetime structure, most of the wartime units have been replenished with reserves, and the stronger volunteer units arrived some time ago from Montenegro. That is, in those units we have soldiers, regular officers, military registrants (soldiers and reserve officers), and volunteers. I single this out only in order to point out how effective the military organization is in rapidly organizing and directing all efforts toward achievement of the common goal. Only

their commands can make an evaluation of the effectiveness and effort of units and individuals.

What impresses any man who has visited those units is the utterly clear commitment to achievement of the goals set by the Army leadership, the unity of military collectives, of the crews of tanks and guns, the confidence in their officers when they prove this with their specialized competence and personal bravery. What is hardest for them are the cease-fires, which on the Croatian side do not constitute cease-fires, and that is the period in which there are the greatest casualties.

Macedonia

Government Discusses EC Recognition, UN Troops

AU1601105992 Skopje Radio Macedonia Network in Macedonian 2100 GMT 15 Jan 92

[Text] The Government of the Republic of Macedonia today held a session chaired by Prime Minister Nikola Kljusev. The members of the government were briefed by Foreign Minister Denko Maleski on the decision of the EC to recognize Slovenia and Croatia as independent states. Although the Arbitration Commission concluded that only Slovenia and Macedonia fulfill the conditions for international recognition, the EC decision to recognize Slovenia and Croatia should not, in the government's view, be understood as the disappearance of Macedonia's legitimacy to be internationally recognized. The government will charge an authoritative ministry with drafting a program for possible political intervention and to increase contacts with the countries that are prepared to recognize Macedonia.

The government also discussed the initiative by the opposition party, the VMRO [Internal Macedonian Revolutionary Organization], to ask the Security Council of the United Nations to send peacekeeping forces to the Republic of Macedonia. The government holds the view that this initiative warrants consideration, especially when Macedonia becomes independent. The government concluded that the presence of the observer mission would be desirable in the Republic of Macedonia. If the situation deteriorates, the presence of the UN peacekeeping force in the republic should be considered necessary, which is in line with the orientations expressed in the declaration for international recognition of the republic as a sovereign and independent state.

Maleski 'Not Disappointed' at Lack of Recognition

AU1501200792 Sarajevo Radio Sarajevo Network in Serbo-Croatian 1800 GMT 15 Jan 92

[Text] A news conference was held this evening in Skopje at the Foreign Affairs Ministry of Macedonia, at which Minister Denko Maleski commented on the latest decisions by the European Twelve. Branka Nanevska has a report from Skopje:

[Begin Nanevska recording] Macedonia and Slovenia are diplomatic victors. The decision of the EC's arbitration commission that only these two republics of the former Yugoslav federation fulfill the conditions for international recognition is the best proof that, in the world today, there are no great and small principles or important and unimportant ones, but only the principles of peace, cooperation, and respect for human rights, which we have consistently adhered to and will also adhere to in the future..

This is how Dr. Denko Maleski, Macedonia's foreign minister, commented this evening in Skopje on the report by the Badinter commission. It means huge support for Macedonia's peaceful policy of national self-determination, said Minister Maleski. We will definitely need this on the difficult part of the road that lies ahead. We should show the world our willingness and ability to live as a sovereign state and democratically resolve the serious problems that we face.

In the opinion of Minister Maleski, the immediate tasks for Macedonia now are to acquire real economic independence and cohabitation with everyone who lives in the republic, regardless of religion, nation, or sex. The Badinter commission's report has made us happy. We did not expect to be recognized as part of the first group, but we nevertheless had hope. However, we are not disappointed that Europe did not recognize us today. We believe that it will very soon, Minister Maleski said. We are aware that after everything that has been happening recently concerning the denouement of the Yugoslav crisis, it was essential for the community to demonstrate at least some degree of unity today. We also think that we will soon be recognized by the republics [Nanevska corrects herself] countries and states that have hinted at this: Turkey, Bulgaria, Austria, Greece, Italy, Germany, and perhaps one or two more.

Commenting on the proposal by Alija Izetbegovic, president of the Bosnia-Hercegovina Presidency, on the possibility of creating an alliance of sovereign states of Yugoslavia, Dr. Denko Maleski said that it is unfortunately too late to do this now. The process of acquiring international recognition of the republics should first of all be completed, and then our interests will very quickly link us together. [end recording]

Referendum Organizers Hold 'Secret' News Briefing

LD1501133292 Belgrade TANJUG Domestic Service in Serbo-Croatian 0940 GMT 15 Jan 92

[Text] Gostivar, 15 Jan (TANJUG)—The organizers of the so-called referendum on the territorial and political autonomy of Albanians in Macedonia held what appeared to be a secret news conference in Gostivar to announce the "preliminary" results of the referendum.

The organizers, that is, the leadership of the so-called Assembly of Albanians from Western Macedonia, claim that 276,921 votes were cast in the referendum on 11

and 12 January. The figure amounts to 92.56 percent of the electorate. According to the organizers, as many as 99.9 percent voted for the autonomy of Albanians in Macedonia.

In light of the figure for the votes cast, as reported by the organizers, it appears that earlier reports that at least 400,300 Albanians with the right to vote was incorrect and that it is even smaller than claimed if, as the organizers insist, many Macedonian Muslims, Turks, Romanies, and even Serbs living in the Western Macedonia municipalities have also voted in the referendum in favor of autonomy.

According to the organizers the highest turnout was recorded in Tetovo, Debar, Resen, and the Skopje municipalities of Cair and Kisela Voda. The organizers also claim that Albanians in other Yugoslav republics and abroad unanimously supported the decision on the political-territorial autonomy of Albanians in Macedonia. The organisers, whose main center is in Gostivar, claim that the total of 74,441 Albanians residing abroad and 9,930 Albanians in other Yugoslav republics voted for the autonomy.

Last night, the organizers expressed a considerable amount of anger at the Macedonian media, which, according to them, failed to give enough publicity to the referendum. The Macedonian Government was also criticized for preventing about 60,000 other people who "were interested" in taking part in the referendum.

Newly-Elected Ministers Take Oaths of Office

AU1401140692 Skopje Radio Macedonia Network in Macedonian 2100 GMT 13 Jan 92

[Text] The three newly elected ministers—Trajan Gocevski, minister of national defense; Ljubomir Frckovski, minister of internal affairs; and Dimitar Bajadziev, minister of education and physical education—took their solemn oaths in the Assembly of the Republic of Macedonia today, saying that they will perform the office of member of the Government of the Republic of Macedonia, in compliance with the law and the Constitution, and that they will strive to protect the sovereignty and integrity of the Republic of Macedonia.